



Daily Report

East Asia

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PRC, Japan Submit Action Plans on APEC Tariff Reductions

*BK1202073496 Manila PNA in English
1254 GMT 10 Feb 96*

[Received via Internet]

[FBIS Transcribed Text] Manila, Feb. 10 (PNA) — Two economies belonging to the Asia-Pacific Economic Cooperation (APEC) will accelerate their respective reduction programs this year.

During the senior officials meeting (SOM) of the 18 APEC-member economies, China and Japan have submitted their respective action plans on the revised schedule of tariff reduction schemes.

In its paper, China indicated that it will slash over 4,000 tariff lines by 1996, with a reduction of no less than 30 percent.

Meanwhile, Japan will also accelerate its Uruguay Round tariff reduction program on 697 items, which include textiles, chemicals, steel, and non-ferrous metals by approximately two years, from April 1996 to January 1998.

It specified that imports which are close to \$10 billion primarily sourced from the APEC region will be favorably affected by these tariff reductions.

Philippine 'Senior' Officials Discuss 'Action Plans' at APEC Meeting

*BK1102115196 Manila MANILA BULLETIN
in English 11 Feb 96*

[Report by Milet O. Santos — received by Internet]

[FBIS Transcribed Text] Senior officials of the Asia-Pacific Economic Cooperation (APEC) yesterday ended their first meeting this year, confident that such would steer the mechanism of the 18-member group toward its goal of free and fair market economy in the region.

Meeting chairman Foreign Affairs Undersecretary Federico Macaranas of the Philippines said the delegates discussed management details of the individual action plans and the working groups and committees' collective action plans.

The three-day meeting, the first of four this year, also discussed the implementation of programs under the Osaka Action Agenda (OAA) forged last year by the APEC conference in Japan.

Macaranas underscored the Philippines' pioneering work on the development of a computer software to receive and distribute data among APEC member economies. He said the software can be this country's lasting contribution to APEC.

An announcement said Peru has been admitted into one working group this year.

Macaranas said President Ramos has nominated Ramon del Rosario Jr., Jose Yulo Jr. and Benny Ricafort to represent the Philippines in the APEC Business Advisory Council.

He said the APEC is an "open umbrella" that extends benefits to the rest of the world.

Japan Gets Asian Support To Host '97 ASEM Ministers Meeting

*OW1502105896 Tokyo KYODO in English
1026 GMT 15 Feb 96*

[FBIS Transcribed Text] Chiang Rai, Thailand, Feb. 15 KYODO — Japan has garnered support from East Asian countries for its bid to host a meeting of Asian and European economic ministers in early 1997, Japan's International Trade and Industry Minister Shumpei Tsukahara said Thursday [15 February].

Tsukahara told reporters the proposal was endorsed by East Asian economic ministers meeting in this northern Thai city to prepare for the inaugural summit-level Asia-Europe Meeting (ASEM) on March 1-2 in Bangkok.

He said he also received support for his idea that such follow-up economic ministerial meetings be held every two years during the intervening periods between biannual summit meetings.

Britain has offered to host the second ASEM in the first half of 1998, while South Korea wants to host the third ASEM in 2000.

ASEM will see the leaders of China, Japan, South Korea and the seven members of the Association of Southeast Asian Nations meet with their European counterparts from most of the 15 countries in the European Union.

Tsukahara said there was a general consensus that the European side should be flexible enough not to assign only the European Commission to speak on trade and investment issues at the proposed meeting.

He said each EU member country should send economic ministers to participate in bilateral as well as multilateral talks.

Asked about the significance of the talks, he noted that practically all of the concerns that the EU and Asia have about each other are economic in nature.

Tsukahara said the ministers considered it important that an Asia-Europe business conference be held shortly before the meeting so that the ministers can get crucial input from the private sector.

The ASEM leaders are expected to agree on the holding of the business conference in early 1997 with the aim of fostering greater cooperation between the private sectors of the two regions.

Thailand has offered to host the first such conference, which is envisaged as a step toward the eventual formation of a more institutionalized Asia-Europe business forum.

Asian Ministers, EU Official View 'Social Issues'

BK1602070796 Bangkok THE NATION in English 16 Feb 96 pp B1, B2

[Report by Surachai Chuphaka, Wichtit Chaitrong, and Yindi Loetcharoenchok]

[FBIS Transcribed Text] Chiang Rai — Ministers from ten Asian countries attending an informal economic ministers' meeting have reached a consensus on separating social issues from trade, Deputy Prime Minister Amnuai Wirawan said after chairing the meeting.

"The ministers agreed that we should not link human rights, environmental and labour issues with trade," Amnuai said at the end of the one-day meeting.

Social standards should be discussed at appropriate forums, for example labour rights should be included under the International Labour Organization and not be raised at the World Trade Organization forum, he said.

In response to Amnuai's statement, Daniel Descoutures, charge d'affaires for the European Commission, told THE NATION that the EU's position on social issues has been misunderstood by some newspapers whose reports have not correctly reflected the EU position.

The EU does not want to impose its own rules and standards on other countries, he said.

"We have no intention of removing the legitimacy of low wages, which have been an economic advantage for developing countries," he said.

The EU has made it clear that it wants December's WTO ministerial meeting in Singapore to launch a study into the commercial aspects of the push for higher working standards at an international level.

The study should be conducted openly and carefully under the multilateral mechanism. The idea was raised at the 1994 ministerial meeting under the General Agreement on Tariffs and Trade in Marrakesh, he said.

Amnuai said that social issues may be raised by EU leaders at the first Asian-European Summit Meeting in Bangkok during March 1-2.

It depends on the leaders — they may freely raise any topics, he said.

Asked whether the EU would insist on raising social issues along with trade at the WTO ministerial meeting in Singapore, Descoutures said the EU has time to convince Asian ministers on the matter.

Kopsak Chutikun, director general of the Foreign Ministry's Economic Affairs Department, said that Asian ministers want to convince the EU not to link trade with social issues at the WTO ministerial meeting.

The economic growth of Asian countries is generated by economic liberalization, not the suppression of wages, he quoted the ministers as saying.

Singapore Urges EU To Match Asian Trade Liberalization

BK1602105296 Singapore THE STRAITS TIMES in English 16 Feb 96 p 1

[Report by Lee Siew Hua in Chiang Rai]

[FBIS Transcribed Text] Asian economic ministers have agreed that the European Union should be encouraged to match Asia in measures to liberalise trade, Singapore Trade and Industry Minister Yeo Cheow Tong said yesterday.

He was among 10 Asian economic ministers taking part in a preparatory meeting to reach a broad consensus on economic topics likely to be discussed at next month's landmark Asia-Europe summit.

The informal talks were wrapped up smoothly in a single day yesterday, instead of the planned two days.

Speaking to Singapore reporters, Mr Yeo said that the summit could discuss subjects relating to strengthening the pace of trade liberalisation.

He said: "One issue would be the need to multilateralise the measures which we have all been putting into place within APEC [Asia-Pacific Economic Cooperation] in terms of trade liberalisation, and to get the Europeans to join us in multilateralising the concessions we are having, within the European Union."

He stressed that it was important to broaden the liberalisation moves of the APEC forum.

This could happen if the European Union — the biggest non-APEC group in the World Trade Organisation (WTO) — adopted a multilateral approach alongside APEC. "The best way is really to get the European Union on board with us," he said.

A second possible topic for the Asia-Europe summit — which is expected to focus mainly on economic issues — could be the handling of trade conflicts between the two continents.

Mr Yeo said that some Asian countries felt that because of the difficulties they faced from time to time in trading with Europe, "it would be useful for us to all get together to identify some of the obstacles and see how we can resolve them".

The economic ministers agreed that they should meet, if possible, within one year of the Asia-Europe summit, which Bangkok will host on March 1 and 2.

Mr Yeo said that Japan indicated its interest in hosting the economic ministers' meeting early next year, but details would have to be sorted out.

He said heads of state attending the Bangkok summit were also likely to discuss the first WTO ministerial conference, which Singapore will host in December.

He also said that the 10 Asian economic ministers — from the ASEAN seven plus China, Japan and South Korea — "agreed that there was a need for us to be aware of new trade issues on the horizon".

"Whilst we should not embark on negotiations on these new issues, it is important for us to discuss them so

that we can influence their development in the coming years."

ASEAN experts on WTO issues, who held a two-day meeting in this northern Thai resort before the arrival of the economic ministers, had discussed new issues such as an investment code, competition policy, and linking trade to social and labour issues.

Mr Yeo also stressed that it was important for Singapore — which had initiated the Asia-Europe summit — to be a full participant in the evolving ties between the two continents.

Meanwhile, Thai Deputy Premier Amnuai Wirawan expanded on his proposal to the 10 Asian ministers to link the trade liberalisation schemes of Asia and Europe.

He indicated that their time-frame for trade liberalisation could run parallel to that of APEC, where trade barriers would fall by 2010 for developed nations and 2020 for developing countries.

ASEAN Members Adopt Common Stand on Five WTO Issues

*BK1402034796 Bangkok BANGKOK POST
in English 14 Feb 96 p 7*

[Report by Somphon Thapphanachai in Chiang Rai and Peter Maitri Ungphakon in Bangkok]

[FBIS Transcribed Text] ASEAN members have agreed to develop a common position on five issues to be discussed at the first ministerial meeting of the World Trade Organisation in Singapore in December.

Officials who are experts in WTO affairs met for the first time in Chiang Rai yesterday to prepare for the Singapore meeting of the 110-nation group that regulates world commerce.

They left details of ASEAN's proposed common stand to be developed over the coming months — they meet next in March. Their talks represented a continuation of more than 10 years of cooperation among ASEAN members in the international trading system previously regulated by the General Agreement on Tariffs and Trade (GATT).

The talks, which involved six of ASEAN's seven members but not Vietnam, which is not a WTO member, were held on the eve of consultations among 10 Asian countries in preparation for the summit of European Union and Asian heads of government in Bangkok next month.

Today senior officials from ASEAN, China, Japan and South Korea are to meet. In the evening, economic ministers from the 10 hold informal talks over dinner before more formal discussions tomorrow and on Friday. Foreign ministers from the 10 discussed political and security issues in preparation for the summit in Phuket this month.

Strictly speaking, the officials were not preparing for the Asia-Europe summit. But the summit will be discussing the WTO ministerial meeting, and the issues raised are also likely to be covered by the Asian and European Union leaders next month.

A source said Singapore, as chairman of the talks, proposed ASEAN should develop a stand on the five topics:

- A review of how agreements of the Uruguay Round of world trade talks are being implemented;
- How to handle unfinished business of the Uruguay Round, such as continuing talks on the liberalisation of maritime transport and basic telecommunications, essentially regular telephone services;

— How the relationship between the environment and trade should be handled in the WTO;

— Further liberalisation of industrial and agricultural sectors;

— Issues not covered under the WTO such as a code of practice for foreign investment, and whether trading rights should be linked to labour rights.

The European Union has said a proposed code to make life easier for foreign investors is a priority for the summit and WTO meeting.

The source said the ASEAN representatives agreed the first three issues should be put on the WTO agenda because they follow on from the Uruguay Round agreements signed in Morocco in April 1994.

Links between environment and trade are also bound to be on the agenda in December because in Morocco, ministers from members of what was to become the WTO appointed a Committee on Environment to examine the question.

But ASEAN members say linking the issues under the WTO could provide developed countries with an excuse to be protectionist. A charge levelled by some environmental groups against less developed countries is that their exports can be priced cheaply because poor ecological practices cut costs.

ASEAN members have some reservations about the two last points because they feel weaker countries could be pressed to liberalise too fast, and that accusations that labour rights are being violated could also be used as an excuse for protectionism.

S. Iswaran, director of trade at Singapore's Trade and Development Board, who chaired yesterday's talks, declined to reveal details.

Mr Iswaran said the meeting was significant because it was the first time ASEAN members had met to create a common point of view for the Singapore meeting, so that they can then coordinate their position.

The group will present their report to ASEAN's more senior economic officials who will meet later today.

Mr Iswaran said ASEAN is not intending to form a bloc at the WTO meeting. But it is normal for ASEAN to approach issues as a group.

Chutima Bunyaphraphat, director of the Commerce Ministry's Multilateral Trade Division, said each member should raise the issue of individual interest at the next meeting.

It is likely Thailand will focus on agriculture, she said. Malaysia, which is particularly concerned about

campaigns against tropical timber, will lead talks on environmental issues and the Philippines on trade in services.

Laos, Cambodia Urged To Apply for ASEAN Entry 'Quickly'

*BK2002051196 Bangkok BANGKOK POST
in English 20 Feb 96 p 6*

[FBIS Transcribed Text]

[Report by Phanrawi Tansupphaphon]

Cambodia and Laos have been urged to apply quickly for full ASEAN membership to qualify for assistance to prepare for integration, a source said.

ASEAN learnt from its experience with Vietnam's admission last year that six months between application in January and admission in July was not enough, he said.

In addition to acceding to the Treaty of Amity and Cooperation, which is ASEAN's main legal framework for political and security cooperation, new members have to sign political and economic agreements which require domestic adjustments.

The one-party systems of Vietnam and Laos, and the infancy of Cambodia's administrative system, could make preparations difficult.

Sukhum Ratsamithat, director-general of the Foreign Ministry's ASEAN Department, said: "The sooner Cambodia and Laos officially apply, the sooner they will learn about the ASEAN Free Trade Area [AFTA] and other economic cooperation schemes.

"Cambodia and Laos will benefit from a longer period to prepare than Vietnam, which had only six months before full membership," he added.

Mr Sukhum and his counterparts from Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Vietnam visited the two countries between Feb 7-14 to determine what they needed ahead of full membership.

In Cambodia, they met Second Prime Minister Hun Sen, Deputy Prime Minister Ing Kiet, Foreign Minister Ing

Huot, Economics and Finance Minister Keat Chhon, and Industry, Mines, and Energy Minister Peou Sothirak.

In Laos, they met Deputy Foreign Minister Phongsavat Boupha and paid a courtesy call on Foreign Minister Somsavat Lengsavat.

A source quoted Ing Huot as saying he would send a formal application by next month to Indonesia as this year's chair of the ASEAN Standing Committee, while Mr Somsavat said he would do so as soon as possible.

Both countries have stated intentions to join as full members next year. Laos acceded to the Treaty in 1992 and was granted observer status that year, while Cambodia, last year.

The source expected both countries to be admitted at the annual meeting of ASEAN foreign ministers in Kuala Lumpur, Malaysia in July next year.

Mr Sukhum said both countries, like Vietnam, will be given a grace period to implement the Common Effective Preferential Tariff scheme.

Hanoi has been given three years to reach the AFTA finishline, while the other members will lower tariff rates to 0.5 percent by 2003. Hanoi's deadline will be 2006.

During the visits, attention focused on assistance in economic development and most favoured nation status for their goods.

Cambodia asked to be briefed about Deputy Prime Minister Chawalit Yongchayut's proposal for a NATO-style defense pact for Asia and the Pacific.

Laos has set up an ASEAN division in its Ministry of Foreign Affairs, while Cambodia has said it would do so since 1994; it has had problems with human and financial resources.

Recently, five Laotian officials completed a training course at the ASEAN Secretariat in Jakarta, but the source said it was difficult for them to disseminate what they have learnt because of the educational background of colleagues and because of the administrative system.

Japan

Japan: Tokyo To Advance Funds To Cover Part of KEDO Costs

OW2202132096 Tokyo MAINICHI SHIMBUN in Japanese 22 Feb 96 Morning Edition p 1

[FBIS Translated Text] On the issue of providing heavy oil to the DPRK (North Korea) via the Korean Energy Development Organization (KEDO), the Japanese Government has decided, in response to a U.S. request, to advance funds to cover part of the heavy oil costs for the U.S. Government. The Japanese Government is expected to provide approximately \$19 million. The cabinet is scheduled to approve a basic policy on the decision at a 23 February meeting to coincide with Prime Minister Ryutaro Hashimoto's visit to the United States. The prime minister will formally announce the decision during a meeting with U.S. President Bill Clinton to be held in Santa Monica, California (on the afternoon of 24 February, Japan time).

In the U.S.-DPRK agreement, the U.S. Government promised to provide 500,000 tons of heavy oil annually to North Korea in return for the DPRK's halting its nuclear program. However, the United States has asked Japan to pay for the heavy oil because the U.S. diplomatic budget has been frozen by a budget confrontation with Congress.

Japan: Tokyo To Pay \$19 Million for KEDO Oil to DPRK

OW2202131096 Tokyo KYODO in English 1255 GMT 22 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — Japan will provide 19 million dollars to help pay for the bill for crude oil to be shipped to North Korea under a U.S.-North Korean nuclear accord reached in October 1994, government officials said Thursday [22 February].

The ruling coalition approved the plan the same day, coalition officials said.

The decision, to be endorsed by Prime Minister Ryutaro Hashimoto's cabinet Friday, came at the request of the United States which is seeking Japanese help in footing the bill for oil shipments, saying the budget battle in Congress will not be resolved in time to pay for the oil.

The nuclear accord calls on the U.S. to provide North Korea with 500,000 tons of crude oil, worth 50 million dollars, a year free of charge until two light-water reactors are built in the North.

The U.S. Government has allocated only 220 million dollars for the oil shipments in the fiscal 1996 budget.

The Japanese money will go to a special fund to be set up within the Korean peninsula Energy Development Organization (KEDO), an international consortium formed to provide North Korea with two Western-style nuclear reactors, they said.

Washington has also asked South Korea and the European Union to make contributions, but Seoul has rejected the request.

Under the accord, Pyongyang will freeze its nuclear program suspected of being aimed at developing nuclear weapons. Light-water reactors produce less plutonium than the Soviet-style reactors in operation in the North.

Japan: Spokesman Says Hashimoto, Clinton May Discuss Security Issues

OW2202083396 Tokyo KYODO in English 0824 GMT 22 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — Prime Minister Ryutaro Hashimoto may take up the issue of bilateral security when he meets U.S. President Bill Clinton on Friday in Santa Monica, California, a government spokesman said Thursday [22 February].

"We have made it a principle that he should not take any issues there and not come back here with any issues. But there may be abrupt discussions on several issues to help strengthen friendship and confidence," Chief Cabinet Secretary Seiroku Kajiyama said.

While the meeting is primarily for the two leaders to become acquainted with one another, they may discuss security issues in some detail because Hashimoto has emphasized the importance of the Japan-U.S. security setup, Kajiyama told a press conference.

Tokyo and Washington have been discussing ways to respond to requests from the southernmost Japanese prefecture of Okinawa for reducing the presence of local U.S. bases.

Japan: Government Source Reports U.S. Offer To Relocate Futenma

OW2202105496 Tokyo KYODO in English 1039 GMT 22 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — The United States has offered to relocate the Futenma Air Base in Okinawa to the Japanese mainland or a different site in the southwestern Japanese island and close a Marine training site in northern Okinawa, Japanese Government sources said Thursday.

Washington made the offer during informal bilateral talks over reductions in the U.S. military presence in

Okinawa, home to 75 percent of U.S. military facilities in Japan as measured by land space, the sources said.

The U.S. military presence has been under fire from Okinawan citizens since the rape of an Okinawan schoolgirl last September by three U.S. servicemen, for which they are now on trial.

The government has been mulling over plans to relocate the Futenma base to more than one site such as the Kadena Base in Okinawa and Iwakuni in Yamaguchi Prefecture, western Japan, the sources said.

But it remains open to question whether the relocation of the Futenma Base will be realized smoothly because of strong opposition from possible host municipalities.

The Futenma Base is home to a U.S. Marines helicopter squadron and a transportation squadron and the northern training site occupies about 7,300 hectares of land space or more than 30 percent of the land space occupied by the U.S. military in Okinawa.

Japan and the U.S. have been working together under a special joint action committee to find specific measures to consolidate, realign and reduce U.S. bases in Okinawa since last November.

Japan: SDP Asks Government To Seek Complete Return of MCAS Futenma

OW2202012496 Tokyo YOMIURI SHIMBUN in Japanese 21 Feb 96 Morning Edition p 2

[FBIS Translated Text] The Social Democratic Party's [SDP] Research Commission on Security (with Shun Oide as chairman) held a meeting on 20 February to discuss the government's handling of issues related to U.S. military bases on Okinawa. The panel compiled a list of five demands it plans to submit to the government, including "the realization of the complete return of Futenma air field."

In addition to the complete return of U.S. Marine Corps Air Station [MCAS] Futenma, the SDP wants the government to accomplish the following tasks: 1) The prompt resolution of five issues related to the people's livelihood, including the conclusion of a noise-prevention accord; 2) the prompt settlement of the three major issues, including the relocation of Naha Military Port; 3) the inclusion of the terms, "realignment, consolidation, and reduction of military bases," in a joint declaration on security to be announced during U.S. President Bill Clinton's planned visit to Japan, and 4) to delete the number (47,000) of U.S. troops to be stationed in Japan from the declaration as well as propose holding bilateral discussions on troop level.

Among the ruling coalition parties, the Sakigake [Harbinger Party] plans to go along with the SDP, but some members of the Liberal Democratic Party are asserting that "it would be an irresponsible move for Japan to ask for a complete return [of MCAS Futenma] when local authorities and residents of possible relocation sites are unlikely to consent."

Japan: Okinawans Urge 'Fair' Trial of Land Lease Case

OW2102140596 Tokyo NHK General Television Network in Japanese 1000 GMT 21 Feb 96

[Announcer-read report; from the "NHK News" program]

[FBIS Translated Text] A rally was held in Naha City this evening to urge a court to allow antiwar landowners to testify at a hearing for a sufficient examination of the case, in which the central government is demanding that Okinawa Governor Masahide Ota sign documents needed to force unwilling landowners to continue to lease their land to the U.S. forces.

The rally, which was sponsored by antiwar landowners opposed to the forcible use of land for the U.S. military and others, began in the rain a little after 1800 [0900 GMT] at a city park. About 1,000 people attended.

In the court dispute, the central government is calling for an early ruling because some lease contracts expire at the end of March, while the prefectural government is demanding a careful examination of the case. The prefectural government has intensified its criticism of the court because of the court's decision to limit the prefectural government's questioning of Naha Defense Facilities Administration Bureau executives at a hearing to be held on 23 February.

At the rally today, the participants called on the court to allow the antiwar landowners to testify at the hearing, as requested by the prefectural government, for a substantive examination of the case. Representatives of peace organizations and local lawyers delivered speeches one after another stressing the significance of the court battle and its problems. The court plans to question Governor Ota at a hearing to be held on 11 March. A ruling is likely to be handed down that day.

At its conclusion the rally adopted a resolution calling for a fair trial that satisfies residents of Okinawa. The rally ended in less than an hour.

Japan: Auto Parts Makers Importing More From U.S. Despite Yen Rate

OW2202032396 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Feb 96 Morning Edition p 11

[FBIS Translated Text] Despite the reversal in the yen appreciation trend, the major auto parts makers are more active in importing parts from their U.S. production bases to Japan.

Anticipating an expansion of imports, Zexel Corporation will increase the production capacity of condensers for car air conditioners of its U.S. plant by more than 30 percent. In the near future it will also start the import of cast iron parts for automobiles from the United States. Although the price advantage of imports has decreased, the parts makers, following the example of carmakers, are accelerating steps to build an international parts procurement network.

Zexel, a major car air conditioner maker, will increase the production of condensers for car air conditioners at Zexel USA (Illinois) from the present 600,000 units annually to 800,000 units by the end of 1996. In addition to increased demand in the United States, shipment to Japan has grown rapidly from 50,000 units in 1994 to 150,000 units in 1995, and imports are expected to increase further in 1996.

In the area of auto castings, Zexel has also increased the production of exhaust pipes at its U.S. production base, CT-South (Alabama) from 1,000 tons per month to 1,600 tons. As soon as final inspection is completed, this plant will be ready to export around 2,000 tons to Japan monthly.

Meanwhile, Shiroki Corporation has also started full-fledged operations at the second plant of SW Manufacturing (Tennessee). In the past, it used to bring window regulators and seat recliners for adjusting the angle of the backrest into the United States from Japan, but now, it plans to import into Japan.

All the auto parts makers think that even at the present exchange rate of around 105 yen to a dollar, "U.S.-made parts are cheaper." (according to Shiroki president Masayuki Ishimaru).

Furthermore, they also intend to "build a network to enable parts procurement from all places" (according to Zexel president Yutaka Ota) regardless of yen appreciation or depreciation.

Japan: Ministry Hopes To Settle Row With U.S. Over Insurance

OW2202115296 Tokyo KYODO in English 1137 GMT 22 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — Vice Finance Minister Tadashi Ogawa said Thursday [22 February] the Ministry of Finance (MOF) is aiming to settle an insurance market dispute with the United States during the forthcoming working-level talks.

"The ministry wants to proceed with talks with the U.S. in a direction of maintaining the friendly relationship between the two countries," Ogawa said at a press conference.

The ministry will make efforts so that Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton do not have to discuss the issue face to face, he said.

The insurance sector is one of four areas in which the U.S. hopes to see progress before Clinton visits Japan in April. The three other sectors are semiconductors, cargo aviation and photographic film.

At issue in the insurance sector is the treatment of the so-called "third area" of insurance products in Japan. The third area covers insurance products against cancer and other diseases, accidents and nursing.

Under the 1994 bilateral accord, Japan agreed to delay the entry of major Japanese insurance companies into the sector in which foreign companies are strong.

The U.S. side has argued that MOF is now trying to promote Japanese insurers' entry into the third area without fully liberalizing the market for ordinary insurance and nonlife insurance products.

The two countries will hold working-level talks on the insurance issue in Washington starting Thursday.

Japan: MOF To Show Compromise Plan in Insurance Talks With U.S.

OW2202114596 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Feb 96 Morning Edition p 5

[FBIS Translated Text] At insurance talks with the U.S. Government to be held in Washington on 22 February, the Ministry of Finance [MOF] will propose a compromise plan that will limit the range of Japanese insurance companies' entry into the so-called "third-sector" insurance, such as insurance for injury and illness. The MOF's plan will not permit Japanese insurance companies to handle cancer and other illness insurance business for the time being, and it will also limit their entry into the injury insurance to a certain area, which is seen to be free from major competition

with foreign insurance companies. Japan will seek an early conclusion in the insurance issue by giving consideration to foreign insurance companies, which are leading Japanese companies in third-sector insurance. As the United States intends to strongly demand the liberalization of the life and nonlife insurance markets, it is still unknown whether or not an agreement will be reached.

Under the revised Insurance Business Law to be enforced in April, domestic life and nonlife insurance companies will be allowed to mutually participate in each other's businesses via their subsidiary firms. The Japan-U.S. insurance agreement reached in October 1994 stipulates that when Japanese insurance companies begin to newly deal with policies of third-sector insurance, measures should be taken to minimize the impact on foreign insurance companies. Based on the agreement, the MOF will establish conditions regulating the new entry into third-sector insurance.

In consideration for foreign insurance companies' enjoying a large market share in the illness insurance business of the third sector, the MOF has so far regulated the entry by major domestic life insurance companies into the illness insurance business. Given the situation, it also intends not to permit the entry by life insurance subsidiaries of nonlife insurance companies into illness insurance.

On the other hand, the MOF intends to permit nonlife insurance subsidiaries of life insurance companies to deal with insurance for injury because the domestic nonlife insurance companies have already been allowed to deal with the injury insurance. However, these nonlife insurance subsidiaries will be given such licenses for the time being on condition that they should not threaten foreign insurance companies' existing sales channels.

The United States has demanded full limitations on Japanese insurance companies' entry into the third-sector insurance market through their subsidiary firms. However, the view is gaining ground in the Japanese side that "full limitations will not bring out the merit of setting up subsidiary firms." For this reason, Japan intends to limit only the entry into the foreign insurance companies' existing sales channels.

Regarding the U.S. demand that Japan indicate the schedule for liberalizing the rate of nonlife insurance premiums, the Japanese side plans to convey its intention to liberalize only the fire insurance objects not less than 30 billion yen for the time being and to gradually widen the scope of the liberalization. On the rate of automobile insurance premiums, Japan will indicate a plan to liberalize insurance policies designed for corpo-

rations in three years. By explaining these plans, Japan hopes to obtain U.S. understanding.

Japan: Transport Minister Seeks Early Resumption of Aviation Talks

OW2202075396 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Feb 96 Morning Edition p 5

[FBIS Translated Text] The Transport Ministry welcomes U.S. aviation industry moves toward starting talks on passenger issues. At the same time, the ministry is pursuing a strategy of winning over the U.S. Government, which is cautious about starting talks on passenger service, to new negotiations. U.S. aviation companies carry 7.24 million passengers a year on Japan-U.S. air routes, while Japanese airlines carry 3.75 million, so that the U.S. share accounts for two-thirds. Since correcting the imbalance in air transportation would provide access to the growing number of Asian passengers, Japan places more emphasis on passenger service than on freight.

Already, as a first step, the ministry has shelved a United Airlines (UA) request for a new air route. Concluding that UA's passenger service to Asia by way of Japan "violates the aviation accord," the ministry put UA's request for an air route between Osaka and Seoul on ice last October and approached the United States about holding talks.

The second step is an "appeasement policy" toward U.S. aviation companies that entered international service later. At aviation talks with Singapore in January, Japan agreed to increase the number of flights. In making the agreement, Japan managed to obtain rights to fly into Singapore five times a week in the form of "joint flights" with third companies.

As partners in joint flights, Japan intends to choose U.S. companies — including Delta Airlines and American Airlines, which do not have beyond rights to Asia — with the aim of dividing opinion within the U.S. companies.

Last week, Transport Minister Yoshiyuki Kamei called on Prime Minister Ryutaro Hashimoto at his official residence and described how the talks on cargo issues have been going. The prime minister is scheduled to hold talks with President Clinton soon. On 19 February, the prime minister was also briefed by Transport Ministry Civil Aviation Bureau chief Kurono and other officials on friction points between Japan and the United States. Hashimoto asked them to describe in detail the case of Thailand, which scrapped its agreement with the United States and managed to conclude a new accord. In this connection, a view has emerged that if the

talks on freight service remain at odds until late March, "the mood will favor measures to break the impasse on the issue by including passenger service in the talks on freight service" (according to a major aviation company) at the second Japan-U.S. summit in April.

Japan: Tsukahara To Meet With Counterparts From U.S., Canada, EU

*OW2202131496 Tokyo KYODO in English
1205 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — International Trade and Industry Minister Shunpei Tsukahara said Thursday [22 February] he will meet his counterparts from the United States, Canada and European Union on April 20 and 21 in Kobe, western Japan.

The ministers will exchange views on establishment of competition rules and preparations for the World Trade Organization's ministerial meeting in Singapore at the end of this year, said Tsukahara, who will chair the Kobe gathering.

The meeting will be the first occasion for Tsukahara in his current capacity to meet with U.S. Trade Representative Mickey Kantor.

Last year, then Trade Minister Ryutaro Hashimoto proposed holding the biannual trade meeting, called the quadrilateral talks, in Kobe.

Japan: Spokesman on Law of Sea, Russian Debt

OW2202092096 (Internet) Japan Ministry of Foreign Affairs WWW in English 20 Feb 96

[News conference by Acting Foreign Ministry Spokesman Ken Shimanouchi with unidentified reporters on 20 February; place not given; from the "Foreign Policies, Press Conference" link]

[FBIS Transcribed Text] [Topics of Discussion] I. United Nations Convention on the Law of the Sea II. Debt relief measures for the Russian Federation III. Visit to the United States of America by Prime Minister Ryutaro Hashimoto IV. Visit to Japan by parliamentary delegation from the Republic of Poland V. Japan-United States acquisition and cross-servicing agreement VI. Territorial issues VII. Japan-Australia bilateral relations VIII. Issues regarding the People's Republic of China and Taiwan IX. Senkaku Islands issues X. Fishing rights discussions XI. United Nations Security Council elections XII. Possible European Union involvement in the Korean Energy Development Organization (KEDO)

I. United Nations Convention on the Law of the Sea

Acting Foreign Ministry Spokesman Ken Shimanouchi: Good afternoon ladies and gentlemen. Before I take your questions I would like to make two very brief announcements. My first announcement concerns the policy guidelines approved by the Cabinet this morning relating to the ratification of the United Nations Convention on the Law of the Sea. Given the complexity of some of the issues involved, we have asked a colleague who is very well versed in the Law of the Sea to give you a briefing on this morning's decision. So, I would appreciate it very much if you would ask all questions directly related to the Law of the Sea in the briefing session which will be held immediately after this regular press conference.

II. Debt Relief Measures for the Russian Federation

My second announcement concerns debt relief measures for the Russian Federation by the Japanese Government. Last night, Ambassador of Japan to the Russian Federation Koji Watanabe and Deputy Minister for Foreign Affairs Aleksandr Panov of the Russian Federation exchanged notes on debt relief measures for Russia. The official debts that Russia has vis-à-vis Japan consist of two portions. The Export-Import Bank portion and the portion relating to commercial debts insured by the Government. An agreement was reached last November on the commercial debt portion. So, the exchange of notes effected yesterday only covers the Export-Import Bank portion. Two types of measures will be taken: debt rescheduling and debt referral. The total amount of the debt covered by the measures will be — there are two portions — the yen-denominated portion is 1.37 yen billion, and the United States dollar-denominated portion is US\$93.5 million. These measures are being taken in accordance with the Paris Club Agreement reached in June last year and are part of Japan's assistance to Russia as one of its major creditor countries. As you may recall, the G-7 Summit held in Halifax welcomed this Paris Club Agreement. This is the third of such measures taken by Japan and covers the year 1995 only. These measures are not to be confused with the comprehensive rescheduling for the year 1996 and thereafter, now being discussed in the Paris Club. Those are the announcements that I wanted to make and I will be very glad to answer your questions.

III. Visit to the United States of America by Prime Minister Ryutaro Hashimoto

Q: I would like to hear a few thoughts on Friday's meeting in Santa Monica — a little bit on the perspective from the Ministry of Foreign Affairs of Japan on what is going to happen and what you hope to accomplish.

A: Prime Minister Ryutaro Hashimoto of Japan has met President William Clinton of the United States in the past. But, this was before he became Prime Minister. He has not had a meeting with the President in his capacity as the top government leader of Japan. The objective of this meeting is to establish good personal ties between the two leaders. As you know, we attach a great deal of importance to the scheduled visit by President Clinton to Japan in April. We consider it a golden opportunity to reaffirm the importance of the overall ties between Japan and the United States, particularly on the security aspect. In order to ensure a successful visit in April, we believe that this meeting in Santa Monica is going to be very important. We cannot over emphasize the importance of close personal ties between the leaders in a bilateral relationship.

Q: How are they going to do this? Play golf? Just talk? Subsequent talks?

A: I do not have the exact timing of the meeting, but it is expected to last about an hour. The leaders will be discussing Japan-United States relations in general and will discuss whatever they have on their minds.

Q: Just an hour?

A: Yes.

IV. Visit to Japan by Parliamentary Delegation From the Republic of Poland

Q: A Polish Parliamentary Delegation is visiting Japan now. They will have a meeting with Prime Minister Hashimoto tonight. I wonder if you know what they will be talking about?

A: I do not have a readout of that meeting yet. We can brief you on the meeting later when the readout comes in.

V. Japan-United States Acquisition and Cross-Servicing Agreement

Q: Would you like to comment on the recent announcement that the Japanese decided not to provide assistance to American vessels operating outside a certain zone?

A: I think you are referring to the acquisition and cross-servicing agreement which is being considered by the two governments. This matter is still being discussed internally within the Japanese Government. The contents of the agreement have not been firmed up yet, so I cannot comment on that.

VI. Territorial Issues

Q: Can you give us an update on the situation with Korea right now on this island, particularly given, I

understand, that the Diet today has approved the 200 mile economic zone?

A: As I said at the outset of this conference, it is not the Diet that made a decision. The Cabinet approved a set of policy guidelines. There will be a detailed briefing on these guidelines in the briefing session that will follow this press conference.

Q: I was asking about where things stand with Korea — the overall bilateral issue, not the particular guidelines associated with this.

A: We have been asked that question a number of times over the past week or so. There is very little to add to what we have already said, but since you may not have been present at last week's press conferences, let me summarize what we have said. Our position on territorial rights over Takeshima has been the same all along — it is consistent. However, we do not want to see differences over Takeshima undermine the friendly and cooperative ties between Japan and the Republic of Korea. We value our ties with the Republic of Korea. I understand that the Republic of Korea is of the same position. With regard to questions relating to the establishment of the exclusive economic zone, we would like to separate this from the territorial issue and solve this matter through talks on fishing questions. We would like to move forward quickly with talks on the establishment of a new fishing regime with the Republic of Korea. This was clearly stated in the Cabinet decision made this morning.

VII. Japan-Australia Bilateral Relations

Q: A lot of what you said about the great importance of personal relationships in the bilateral relationship — could you comment on the possibility of the change in government which may occur in Australia in the next ten days?

A: It is our policy not to comment on the domestic affairs of other countries, first off. Of course, we have enjoyed excellent ties with Australia over the years and it is, of course, our intention to keep it that way.

VIII. Issues Regarding the People's Republic of China and Taiwan

Q: Would you like to comment on a recent statement by Assistant Secretary for International Security Affairs Freeman, who said that if China chose to attack Taiwan, that Japan would be forced to rearm?

A: I do not know exactly what he said. I do not have the transcript of what former Assistant Secretary for International Security Affairs Charles Freeman of the United States said, so I should not comment on what he

said. But, with regard to the situation around the Taiwan Strait, it is our position that we believe it is important — essential — that the question related to Taiwan should be resolved through peaceful means between the parties. In our high level meetings with the Government of the People's Republic of China, we have called on the Chinese side to resolve this issue through peaceful means.

Senkaku Islands Issues

Q: Sorry I am late. On the question of the Senkaku Islands, I believe the Taiwanese made a statement on 14 February reaffirming their sovereignty over these islands. Do you feel that, not being an independent country, they are competent to assert such a claim — and B, are they competent in declaring an exclusive economic zone — and maintaining or imposing?

A: To answer the first part of your question, I can only state the position of the Japanese Government regarding the Senkaku Islands. Historically and legally, the Senkakus have always been a part of Japanese territory. It is under the effective control of Japan and there is no territorial issue as far as the Senkakus are concerned. With regard to the second part of your question, I suggest you ask that question at the briefing session which will follow this regular press conference in which the Law of the Sea questions will be addressed.

X. Fishing Rights Discussions

Q: We have been told that you are having discussions with the Chinese and the Koreans on fishing rights, etc. Are you having discussions with the Taiwanese on this?

A: I have no knowledge of that. I do not think so.

Q: What stage are the fishing talks at with Korea at this point? You mentioned your desire to have the issue split between the economic zone and the fishing rights and the island. What stage are those fishing talks at?

A: We would like to initiate these talks as soon as possible.

Q: Has Korea given you any response to that?

A: This was discussed between Minister for Foreign Affairs Yukihiko Ikeda and Ambassador to Japan Kim Tae-chi of the Republic of Korea in their meeting last week. I think both sides are in agreement that we should talk about fishing matters.

Q: But no date yet?

A: No.

Q: Will these discussions deal exclusively with fishing matters, or is there any aspect of mineral exploitation

or whatever involved in that, too? Is it strictly fishing matters?

A: The idea is to discuss fishing matters.

Q: This afternoon I understand Minister of Foreign Affairs Kong of the Republic of Korea will give a statement at a press conference at 16:00. Is that coordinated, as far as you know, with the guidelines?

A: Thank you for telling me that he is having a press conference at 16:00, because I did not know.

Q: NHK News — that is what I heard on the news.

A: That information is very useful. Thank you very much.

XI. United Nations Security Council Elections

Q: How is Japan's contest with India for the United Nations Security Council open seat going?

A: I do not have an update on this. We are trying our very best to win in the elections. Of course, India is a formidable rival for the seat. We will be trying our very best. We attach a great deal of importance to the non-permanent seat. As you know, we are prepared to discharge our responsibilities as a permanent member of the Security Council; however, first of all, the United Nations members have to reach agreement on a reform package for the Security Council. Even if this happens this autumn, as we hope, it will take a number of years for the amendment of the United Nations Charter to be ratified by the member states and come into effect. In the meantime, we would like to play a role in the Security Council as a non-permanent member. So, we attach a great deal of importance to the elections this year.

XII. Possible European Union Involvement in the Korean Energy Development Organization (KEDO)

Q: It has been reported, I think today, that the EU might be interested or might apply to become a full board member of KEDO. I don't know if you can confirm that, and what would be the position of the Japanese Government on that if the EU was interested?

A: I do not know. I was not aware of that announcement. Together with the Republic of Korea and the United States, we have been urging the European Union to make contributions to the Korean Energy Development Organization (KEDO). I think we would welcome European Union participation in the KEDO. Perhaps it is premature to discuss here the specific modalities of European Union participation in the KEDO, but we would welcome very much the contributions from the European Union. Thank you very much.

Japan: Hashimoto Hopes for 'Meaningful' Talks at Nuclear Summit

OW2202073396 Tokyo KYODO in English
0436 GMT 22 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — Prime Minister Ryutaro Hashimoto on Thursday [22 February] expressed hope the summit on nuclear safety in Moscow in April will be the theater for meaningful discussion, Foreign Ministry officials said.

The premier made the remark in a brief telephone conversation with Canadian Prime Minister Jean Chretien, the officials said. Both Hashimoto and Chretien are likely to attend the summit.

They pointed to the sound relationship between the two countries, as represented by the bilateral cooperation on a UN peacekeeping mission on the Golan Heights, the officials said.

While Hashimoto said Canada is a key partner of Japan in the Asia-Pacific region, Chretien expressed hope the Japanese leader's friendship with Canada will help benefit the peoples of both nations.

Japan: Official Says ASEM To Discuss Former Yugoslavia, DPRK Aid

OW2202142796 Tokyo YOMIURI SHIMBUN in Japanese 22 Feb 96 Morning Edition p 3

[FBIS Translated Text] Shunji Yanai, deputy vice minister of foreign affairs, gave a lecture on 21 February at the Japan National Press Club in Tokyo on the topic of the Asia-Europe Meeting (ASEM), which is to be held on 1 March in Bangkok. He disclosed that along with the issue of reconstructing the Former Yugoslavia, the issue of the Korean Peninsula Energy Development Organization's (KEDO) aid to the DPRK (North Korea) is expected to be a major topic on the ASEM agenda.

KEDO is an international organization that has been established to prevent North Korea from developing nuclear weapons. Other than Japan, the United States, and the ROK, which are the major members of KEDO, not many countries have shown willingness to support the organization. The EU and the ASEAN have merely indicated that they plan to keep their involvement minimal.

Consequently, it is observed that at the ASEM, Japanese Prime Minister Hashimoto and ROK President Kim Yong-sam will urge the leaders of other participating countries to support KEDO's efforts.

Japan: Government Panel To Survey European Financial Systems

OW2202131596 Tokyo KYODO in English
1211 GMT 22 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — A government panel will send two members to European nations to study their financial systems and reflect the results in its debate on the proposed introduction of a holding company system to the financial sector, Finance Ministry officials said Thursday [22 February].

The subcommittee of the Financial System Research Council, an advisory panel to the finance minister, will dispatch the two members to Britain, France, Germany and other European nations from late February, the officials said.

The two are Chuo University Professor Keimei Kaizuka, who chairs the subcommittee, and Hitotsubashi University Professor Yoshinori Shimizu, they said.

At Thursday's meeting of the subcommittee, meanwhile, most members said the proposed holding company system will help increase the efficiency of the financial sector, the officials said.

The proposed system will enable a holding company to run banking, securities and other financial services companies under its umbrella.

The subcommittee wants to map out an interim report on the issue by around June, the officials said.

Japan: Mongolia Gets \$212 Million in Aid for 1996

OW2202085396 Tokyo KYODO in English
0815 GMT 22 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — Mongolia received pledges Thursday [22 February] for a total of 212 million dollars in aid in 1996 from world donors at an annual international conference in Tokyo, Japanese officials said.

The amount of aid pledged this year is slightly up from last year's 210 million dollars.

Twenty-four donor countries and eight international organizations attended the just-finished two-day Mongolia aid conference co-hosted by Japan and the World Bank.

Discussions this year focused on the recent economic situation in Mongolia, ways to improve the environment for private sector-led economic development and midrange priority areas for aid to the country, the officials said.

Japan, which has been co-sponsoring the conference in Tokyo since 1991, remained the largest donor with a

pledge of 6.7 billion yen, or about 63 million dollars, in fresh aid for this year.

Of the Japanese assistance, 5.8 billion yen will be extended in low-interest yen credits to rehabilitate major Mongolian coal mines in Bayanhongor and Shivee Ovoo [name as received].

Mongolia ended seven decades of communist rule in 1990, and has since been undertaking political and economic reforms to establish democracy and a market-oriented economy.

Japan: Argentine Foreign Minister Begins Official Visit

*PY2202004296 Madrid EFE in Spanish
0950 GMT 21 Feb 96*

[FBIS Translated Text] Tokyo, 21 Feb (EFE) — At the invitation of the Japanese Government, Guido Di Tella, Argentine foreign, international trade, and worship minister, arrived today in Tokyo on an official working visit.

Di Tella, who will stay in Japan until 25 February, wants to enhance the bilateral political and trade relations, in keeping with Argentina's goal of approaching Asian and Pacific countries.

The Argentine foreign minister will hold a working meeting with Japanese Foreign Minister Yukihiko Ikeda, with whom he will review both multilateral issues and the status of bilateral relations, including the preparations to mark the 100th anniversary of the Argentine-Japanese friendship treaty in 1998.

The Argentine minister will also meet Shunpei Tsukahara, international trade and industry minister; EXIM-BANK Governor Hiroshi Yasuda; and Japan Foundation President Ishiro Asao. Di Tella might ask Asao to increase the development funds for economic and technical cooperation programs with Argentina.

During his stay in Tokyo, Di Tella will meet Keizo Obuchi, president of the League of Parliamentary Friendship with Argentina; Shinroku Morohashi, joint entrepreneurial committee chairman and Mitsubishi Company chairman; and University of Tsukuba rector Akio Hosono.

For his second official visit to Japan, following his first visit in 1991, Di Tella is being accompanied by Foreign Policy Under Secretary Guillermo Gonzalez, Economic Negotiations Under Secretary Alfredo Chiaradia, and Melo Ferrer, the Foreign Ministry Asian Department director.

The Argentine foreign minister will leave Japan on 25 February for Paris, where he will join the entourage of

President Carlos Menem, who will pay an official visit to France.

Japan: Tokyo To Give \$20,000 for Rio de Janeiro Flood Relief

*OW2202125196 Tokyo KYODO in English
1146 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — Japan will extend 20,000 dollars to Rio de Janeiro as a donation to help the major Brazilian city out of a damage from a recent torrential downpour, the Foreign Ministry said Thursday [22 February].

The heavy rain hit Rio de Janeiro on Feb. 13-14 with 58 people killed and about 20 missing following the consequent collapse of houses and washouts, the ministry said.

Japan: Sakigake Leaders Shelve Talks With SDP on New Party

*OW2202024896 Tokyo KYODO in English
2358 GMT 21 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — Leaders of New Party Sakigake [Harbinger], the smallest of the three ruling coalition parties, have agreed to shelve talks on a new party with another governing partner, the Social Democratic Party (SDP), for the present to focus on efforts to boost the profile of the party itself, Sakigake officials said Thursday [22 February].

The accord was reached late Wednesday at a meeting of Sakigake leaders, including party head Masayoshi Takemura, a former finance minister, and his deputy Shusei Tanaka, now chief of the Economic Planning Agency, the officials said.

The SDP, headed by former premier Tomiichi Murayama, is seeking to combine "liberal" forces into a new party by the end of April, counting largely on a merger with Sakigake.

But the Sakigake leadership agreed that such a political reorganization should not be sought on the basis of a fixed time frame, the officials said.

The party leaders decided instead to step up efforts to map out political ideas that would help enhance Sakigake's fading presence in the political community, they added.

Both Sakigake and the SDP, which form the coalition with Prime Minister Ryutaro Hashimoto's dominant Liberal Democratic Party, are concerned that they may suffer critical setbacks in the next general election

if they fight independently without shaping up their profiles.

Japan: MITI Minister Policy Speech at Lower House

OW2202045396 (Internet) Japan Ministry of International Trade and Industry WWW in Japanese Feb 96

[Policy speech by Minister of International Trade and Industry Shunpei Tsukahara delivered on 14 February at a session of the Lower House's Committee on Commerce and Industry; from "Introduction to the Ministry of International trade and Industry (MITI) and Its Organizations" Link]

[FBIS Translated Text] The Committee on Commerce and Industry will soon start deliberations at the 136th Diet session. Prior to deliberations, I would like to state my views on the administration of international trade and industry. In connection with management of international trade and industry, we face a myriad of tasks, both domestic and international, that have to be fulfilled. However, while cherishing a lofty dream for the future, I intend to deal with these administrative tasks one by one.

The first task lies in achieving a full-blooded economic recovery. Looking at our country's economic trend, effects of the economic stimulus measures taken last year have been joined by several bright moves such as recoveries in plant and capital investment and in housing construction. And there are also signs for economic recovery. For example, production has been increasing, though at a slow pace. Yet, we are still concerned with the employment issue and conditions for small and medium enterprises. At present, it is imperative that we put our economy on track for full-blooded recovery as soon as possible. While aiming at having the draft budget for the next fiscal year approved at an early date, we will continue to monitor the economic trends both at home and abroad, and constantly work for appropriate economic management.

The second task lies in promoting economic restructuring with strength.

The high-cost structure as symbolized by the disparity between Japanese and international prices has not only obstructed our people from living an affluent life but have also undermined Japan's attractiveness as a place to do business, and there are increasing fears of industrial hollowing. To maintain our economic vitality and to build the foundation for promoting mid- and long-term economic development, it is imperative that we take measures to boldly promote drastic structural reforms.

In concrete terms, we will, first of all, continue to promote deregulation in various fields in a positive way while making efforts to implement the "Program for Promoting Deregulations" in a steadily by paying maximum respect to requests from both home and abroad. We will also listen to views of the Administrative Reform Committee, and will work out a more substantial program.

At the same time, we will promote the creation of new ventures, which are the motive force of exploring economic frontiers and also responsible for creating new jobs. Necessary measures have been taken to extend support in capital, personnel and technology. For instance, the stock option system has been introduced. In the future, positive efforts will be made to improve conditions so that the private sector's abundant capital can be put into efficient use.

Moreover, to create new industries and improve foundations for future development, research and development will be promoted and the information infrastructure will be enhanced energetically. With regard to research and development, efforts will be made — on the basis of the Basic Law on Science and Technology — to work for the early attainment of the plans to double the government's spending on research and development, to promote break-through in advanced research and development through industry-academia-government co-operation, to promote reforms of various systems in a planned way so as to create an environment in which research and development can be carried out in a flexible and competitive way. All these efforts will be aimed at making Japan "a country whose prosperity is grounded in scientific and technological creativity." Moreover, we will try to build an advanced information society by introducing electronic information technologies into both business and government circles.

In addition, we will review systems connected with various fields such as industrial financing, business organizations, corporate taxation and employment, and at the same time, further improve the system connected with the intellectual property rights — a major foundation for the vitality of enterprises. As part of our efforts, we have submitted to the current Diet a "bill for revising part of the Trademark Law" to improve the trademark system.

Moreover, such measures as improvement of conditions for import promotion zones will be taken to expand imports and to promote direct investment in Japan. While promoting our economic management on the basis of the domestic-demand-led principle, we will continue to improve market access and to achieve significant reductions in our current account surplus.

By taking all the above measures, we would like to open up good prospects for our economy while looking ahead to the 21st century.

The third task lies in taking our initiative in handling the issue on establishing a new international order.

From the standpoint of persisting in free trade, the first important task is to maintain and strengthen the multilateral trading system. The quadrilateral conference of trade ministers is scheduled for Kobe in April, and the first ministerial conference since the WTO's [World Trade Organization] inauguration will be held in Singapore in December. At this important juncture to ensure the WTO's trust, we will endeavor to make positive contributions to the improvement of international rules.

Regarding Japan-U.S. economic relations, pending auto talks were settled last year on the basis of international rules. While trying to settle individual trade issues on the basis of the international rules from now on, we would like to build a cooperative relationship based on a broader perspective while fully admitting the importance of our two countries in the international economic community.

With regard to Asia, which has continued to achieve high growth as the world's growth center, we intend to take our own initiative in attaining a sustaining growth in this region by improving bilateral relations, cooperation with the ASEAN member nations and the multilateral cooperative relations with member nations of the APEC [the Asia-Pacific Economic Cooperation forum]. With regard to APEC in particular, further efforts will be made to materialize the "Action Plan" worked out at the unofficial summit talks held in Osaka last year. Moreover, Asian and European countries will hold the first conference in history this coming March to seek Asian-European cooperation, and we will endeavor to turn this meeting into a success.

Moreover, we will make an initiative in solving problems common to all human beings. For example, global environmental problems, including changes in climate and destruction of the ozone layer; cooperation with developing countries in connection with environmental protection, and establishment of security and trading systems. Furthermore, to promote international exchanges, we will take positive measures to prepare for holding the International Exposition in Japan in 2005.

The fourth task lies in securing a system of providing stable and efficient supply of energy.

Efforts will be made to ensure that sufficient results will be achieved through a series of reforms in various systems. For instance, deregulations and a new system of utility fees will be introduced in connection with

gas and power supply while deregulations in connection with oil supply will be put into effect this coming April.

On the other hand, in an effort to ensure a steady supply of energy and reduce the burden on the environment, we will endeavor to develop and adopt new energy and nuclear energy and to promote energy-saving measures so that the structure of energy demand and supply can be further upgraded. In connection with nuclear energy in particular, it goes without saying that major conditions will be set on "ensuring safety" and "persisting in the use for peaceful purposes." While learning a good lesson from the recent "Monju" accident, we will promote the development and adoption of nuclear energy in a steady way by making public concerned information, thereby winning the people's understanding and cooperation.

Moreover, to prepare for termination of the restoration project in connection with coal mine damages by the end of fiscal 2001, it will be necessary to strengthen the administrative system to achieve efficiency. From this standpoint, we have submitted to the current Diet a "bill for revising part of the law on provisional measures in connection with compensations for coal mine damages," hoping that the Coal Mine Damage Corporation can be consolidated with the New Energy Development Organization within fiscal 1996.

The fifth task lies in revitalizing small and medium enterprises, which are the source of our country's economic vitality.

In an effort to enable small and medium enterprises tide over difficulties arising from current structural changes in a positive way and with bright prospects, we will continue to steadily implement those measures included in the economic stimulus program adopted last year and constantly take measures to promote structural reforms of small and medium enterprises and also to stabilize and strengthen the foundation of their management.

In particular, in an effort to strengthen our support for those small and medium enterprises that are engaged in creative and professional activities such as technological development and the creation of new businesses, we have just submitted to the current Diet a "bill for revising part of the law on provisional measures to promote creative, professional activities of small and medium enterprises."

The sixth task lies in ensuring our people a livelihood of safety and of high quality.

While endeavoring to build an environmentally harmonious economic society mainly through the promotion of recycling projects, including preparations to enforce a law adopted last year on the recycling of containers and packing materials, and provision of support for

enterprises in their independent efforts to protect the environment, we will make efforts to establish a comprehensive system to ensure the safe control of chemical substances.

Moreover, from the standpoint of improving safety measures, we have just submitted to the current Diet a "bill for revising part of the law on control of highly pressurized gas, and the law on ensuring safety as well as proper dealings of liquefied petroleum gas."

In an effort to ensure a safe and comfortable living environment for consumers, we have submitted to the current Diet a "bill for revising part of the law on door-to-door sales and other methods of sales as well as the law on the establishment of the MITI" so that measures can be taken to deal with recent problems concerning sales canvassing by phone.

With regard to measures for reconstructing areas damaged in the great Hanshin-Awaji earthquake last year, we intend to continue to devote our efforts to achieve restoration of the areas as soon as possible.

In the above, I have stated my views concerning the basic orientation of our policy concerning international trade and industry. With our people's understanding, I am determined to promote our administration in international trade and industry. In this, I sincerely ask for the understanding and cooperation of all members of the committee.

Japan: BOJ's Matsushita Says Economy on Recovery Path

*OW2202065596 Tokyo KYODO in English
0424 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita said Thursday [22 February] the Japanese economy is returning to a recovery path, citing clearer signs of improvement in demand, industrial production and corporate earnings.

Matsushita said in a speech at a private seminar, "industrial output is likely to increase in the January-March quarter. Conditions for sustainable growth are increasing, contrary to last year."

Expecting the economic rebound to gradually become more evident, Matsushita said, "our task is to put the economy on a steadfast autonomous recovery track."

The central bank will steer its monetary policy toward giving priority to the economic recovery, Matsushita said.

On the downtrend in prices, Matsushita said, "concern over the deflationary spiral has substantially faded away."

Turning to a controversial government plan to use taxpayers' money for the liquidation of insolvent housing loan companies, Matsushita stressed the importance of settling the issue with a view to restoring confidence in Japan's financial system.

"The injection of public funds is probable on condition of asking people concerned to take responsibility, so as to maintain the stability of our financial system," Matsushita said.

Matsushita said the central bank has accepted the government's request to put up 100 billion yen for Deposit Insurance Corp. under the government liquidation scheme on conditions that the parties concerned reach agreement and that related bills and budget plans are approved at the current Diet session.

The central bank has already informed the government of its decision to accept the request, Matsushita added.

Matsushita reiterated, however, the central bank will not extend any special loans for the purpose of helping finance write-offs of bad loans at the ailing housing loan companies.

Matsushita then urged individual banks to make further restructuring efforts, adding, "they should not be allowed to delay in writing off bad loans."

The governor also called upon banks for more disclosure and an improved system to detect risk at an early stage.

Back to monetary policy, Matsushita said the central bank will continue keeping a close watch on developments in money supply and asset prices.

Japan: BOJ Chief Says Lack of Risk Management Led To 'Bubble'

*OW2202123496 Tokyo KYODO in English
0907 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita said Thursday [22 February] one of the causes of the "bubble" economy of the late 1980s was the lack of appropriate risk management amid rapidly changing global business conditions.

In a speech at a private seminar, Matsushita said, "Industrial and financial sectors entered an era of historic change in the 1980s at the global level."

In the industrial sector, competition on the global market had stiffened with the takeoff of Asian economies,

while liberalization and globalization accelerated in the financial sector with the development of derivatives and other sophisticated financial tools, he said.

"In the middle of the 1980s, both financial and nonfinancial companies in Japan were tempted to pursue new business chances and secure bases for survival amid the spread of free market economies and stiffened competition on the global market," Matsushita said.

Such perceptions, coupled with "excessive expectations" of a continued rise in land prices and an easy monetary policy, began a process of "self-multiplication," he said.

This was one of the factors behind the formation of the bubble economy of skyrocketing prices of land and other assets, Matsushita said.

In retrospect, what should have been taken at the time to prevent the emergence of the bubble economy was appropriate risk management based on self-responsibility, he said.

Without full risk management, Japanese financial and nonfinancial companies rushed to seek new areas to gain profits and this caused the excessive concentration of risk on the real estate sector, he said.

Matsushita said the emergence and collapse of financial bubbles took place not only in Japan but simultaneously in the United States, Europe and Australia.

"Risk management is becoming increasingly important as the global economy is in a transitional era," he said.

Japan: Diet Discusses 'Jusen' Liquidation Plan

*OW2202064396 Tokyo KYODO in English
0441 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — The government's plan to use 685 billion yen of taxpayers' money to liquidate seven virtually bankrupt housing loan companies came under fire at a Diet hearing Thursday [22 February].

In a public hearing of the House of Representatives budget committee over the plan, speakers voiced harsh criticism over the use of public funds.

Tokyo Kasei University Professor Keiko Higuchi, recommended as a speaker by the Social Democratic Party, a bloc in the tripartite ruling coalition, said taxpayers are not fully convinced of the need to use their money for the scheme.

She called for making clear disclosures concerning the allocations of the money and the responsibilities for the financial mess caused by the mortgage companies.

Tadashi Shimizu, a lawyer recommended by the main opposition Shinshinto (New Frontier Party), said the

people's willingness to pay taxes has been seriously damaged by the plan.

He said the problems can be solved by simply applying the corporate rehabilitation law to the housing loan companies.

The seven firms would be placed under court control as stipulated in the law, which provides for severe punishments for false financial reports, Shimizu said.

The seven housing loan companies' initial losses will reach 6.41 trillion yen at the time of liquidation, according to government figures.

The cabinet of prime minister Ryutaro Hashimoto has endorsed a final plan to use taxpayers' money to cover half of any future losses resulting from disposing of the mortgage companies' bad loans. Such additional losses are expected to reach at least 1.2 trillion yen.

Japan: Finance Ministry 'Hopes' Diet To Approve 'Jusen' Plan

*OW2202123696 Tokyo KYODO in English
1124 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — Vice Finance Minister Tadashi Ogawa reacted negatively Thursday [22 February] to a call from a ruling coalition heavyweight for scrapping the government's liquidation scheme for seven troubled "jusen" mortgage companies.

"The ministry hopes the Diet will approve the liquidation scheme as proposed by the government," Ogawa said at a press conference.

Ogawa was commenting on remarks made earlier in the day by Hiroshi Mitsuzuka, former secretary general of the Liberal Democratic Party, the biggest of the three parties in the ruling coalition.

The government plans to use 685 billion yen in taxpayers' money to help cover losses stemming from the liquidation of the mortgage companies, but the money should be shouldered by the nation's banks, Mitsuzuka said.

Turning to controversial remarks made recently by Finance Minister Wataru Kubo on the housing loan fiasco, Ogawa said, "Kubo, as a politician, spoke for the Japanese people about their feelings."

Kubo has indicated that the top executives of banks that founded the troubled mortgage companies should resign, saying they must take some of the blame for the housing loan fiasco.

That has aroused controversy, however, with business leaders criticizing Kubo for interfering in private companies' personnel issues.

Japan: Public Faith in Financial System Needed Before MOF Reform

OW2202102796 Tokyo EKONOMISUTO in Japanese
27 Feb 96 p 18

[Article by Katsunobu Shiihashi, MAINICHI SHIMBUN Public Poll and Election Center: "Jusen Climax Foreseen"]

[FBIS Translated Text] With the start of an angry chorus for "the division of the Finance Ministry [MOF]" in political circles, I would say that the jusen fiasco appears to have finally gotten into the "making-of-a-scapegoat" phase to eye a settlement. Although I believe the idea to set up the finance agency is worth considering, let us stop to think for a second.

"Politicians are happy-go-lucky fellows. The people who know real politics are finance and foreign affairs bureaucrats." I remember these words came from an American political scholar some ten years ago.

Back then, I used to think that "politics" was nothing but a fuss being made within the MOF-made framework when I saw the budget compilation process and ruling and opposition parties' grab game over the budget for their political goals.

It is said that the nature of the administration is symbolized in its handling of taxes and the budget. An amalgamation of bureaucrats and politicians which was called "the MOF family" was the major pillar in supporting Japan's conservative structure. At that time, senior members of the Liberal Democratic Party [LDP] repeatedly said, "The MOF-led administration cuts off the conservative system from the people. It eventually causes an adverse effect, destroying the system." With regard to policies that provoked strong public opposition, the MOF often responded, "It cannot be helped if it leads to the collapse of a couple of administrations." The power of the MOF is sharply indicated in the fact that at one time in the 1970's, the Defense Agency, the Economic Planning Agency, the Environment Agency, the National Land Agency, and the Administrative Control Agency (no longer exists) had administrative vice ministers who used to be MOF officials.

This happened because the MOF had gained trust "as the ministry that takes Japan's future seriously." However, such trust evaporated due to the jusen mess and the scandals involving senior MOF officials. A decline in

its morals and morale turned the MOF into a ministry that is collectively irresponsible.

In early February a 56-year-old owner of an electronics repair company in Ichikawa City, Chiba Prefecture reported his FY95 corporate income tax to the taxation office. It was 10,000 yen short — the amount of money each citizen will be forced to share to bail out jusen. He said, "The MOF officials, banks, other financial institutions, and jusen executives must pay for the losses caused by jusen. I hope they understand how people in a weaker position feel." I have no idea how much impact this act will have on the government's jusen scheme. But the MOF and the entire political world must offer explanations that obtain a consensus from this single person. The use of the taxpayers' money is said to "prevent the breaking down of the financial system." But in a long-ranged observation, it will make it clear that the lost of public trust is a direct way into the rupture of the nation's financial system.

Some of the MOF division or dissolution calls appear to have stemmed from politicians' smoldering complaints against the MOF. A "dissolution first" argument is not persuasive enough but the division has long been discussed. Whenever administrative reform was called for in the Diet, "The establishment of the budgetary bureau allowing the cabinet to have direct jurisdiction over the budgeting of fiscal expenditures" was discussed. Behind this is a grudge held by LDP Diet members who are under complete MOF budgeting control, and bureaucrats of other ministries and agencies who have to grovel before the MOF for what they want.

Although the MOF's power stems from its jurisdiction over budget compilation, some observers have noted that its sales of government-owned land, handling of tax-evasion cases, and loan facilitation in local cities are giving more strength to it. This may indicate political parties and politicians' failure to check the MOF activities.

To avoid further jusen nonsense, politicians and political parties, which are held accountable for this mess, must create the financial system that can obtain the people's confidence. Only then can the MOF division and dissolution be considered.

Japan: Failed Kizu Credit Suspected of Forging Profit Reports

OW2202070996 Tokyo KYODO in English
0553 GMT 22 Feb 96

[FBIS Transcribed Text] Osaka, Feb. 22 KYODO — Bankrupt Osaka-based Kizu Credit Union covered up deficits by forging profits of about 15.1 billion

yen in fiscal 1993 and 1994, according to a report unveiled Thursday [22 February] about the results of governmental inspection.

Another failed Osaka Credit Union repeatedly extended huge loans beyond legal limits, resulting in irrecoverable losses of 158.8 billion yen, a figure that corresponds to 44.1 percent of the company's total assets, the report showed.

The Osaka Prefectural Government, which supervises the prefecture's credit unions, submitted the report to a local assembly meeting earlier in the day, documenting lax management at the two Osaka-based credit unions based on evidence from a joint inspection with the Finance Ministry, prefectural government officials said.

According to the report, Kizu Credit Union padded uncollected interest and unpaid interest by 1,853 million yen through manipulating computer records in fiscal 1993, which ended in March 1994, while registering a total of 13,262 million yen in overdue interest as profits for the two years of fiscal 1993 and 1994.

Although Kizu posted actual losses of 211 million yen in the year to March 1994, the credit union paid dividends to union members, which the Osaka government called "inappropriate."

As of September 1995, Kizu lent a total of 378.1 billion yen to major borrowers, including indirect loans introduced by two affiliated nonbanking financial companies, the report said. Such loans accounted for about 35 percent of total lending, it said.

The report also showed Osaka Credit Union's irrecoverable loans shot up by about 200-fold to 140.9 billion yen last October from fiscal 1991, just after the collapse of the bubble economy of the late 1980s.

In just the past year, the credit union's irrecoverable loans increased by 123 billion yen due to a huge amount of additional loans issued to help cover interest payments, the report said.

The report also unveiled details about Osaka credit extending its peak amount of loans in March 1995, totaling about 7.47 billion yen, to Nishiki Finance Co., an Osaka-based nonbank that is being investigated on suspicion of bill-cashing fraud.

Kizu Credit Union went bankrupt in August last year with losses of about 960 billion yen. A new debt-collecting entity, to be set up this summer, will take over Kizu's operations.

Osaka Credit Union, which virtually failed last December with about 160 billion yen in losses, will be taken over by Tokai Bank as early as this summer after transferring bad loans to the factoring body.

Japan: KDD Rivals Allowed To Form Routes Via 3d Country

*OW2202124696 Tokyo KYODO in English
0933 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — The Posts and Telecommunications Ministry said Thursday [22 February] it will authorize two rivals of KDD to link users of their international telephone services to overseas by way of a telecom web going through a third country.

The two carriers, International Telecom Japan Inc. and International Digital Communications Inc., have so far been required to secure telecom routes linking Japan directly with foreign countries to which the subscribers wish to access.

However, the ministry has allowed KDD to access some countries by way of a third country if a direct link does not allow it to run the service profitably.

The fresh decision to allow the KDD rivals to provide similar services is in line with a series of deregulatory measures the ministry unveiled last month, it added.

Japan: MITI Official 'Welcomes' FTC Film Market Probe

*OW2202071296 Tokyo KYODO in English
0603 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — The Ministry of International Trade and Industry (MITI) on Thursday [22 February] welcomed a decision by the Fair Trade Commission (FTC) to launch a probe into the Japanese market for photographic film and paper.

"It will be meaningful for the commission to investigate that industry at a time when interest is mounting both at home and abroad," MITI Vice Minister Tomio Tsutsumi said at a news conference.

But Tsutsumi said MITI will not change its stance on the film issue, a flash point on the Japan-U.S. trade front, because of the antitrust watchdog's decision.

The office of the U.S. Trade Representative started last July to look into a case filed by Eastman Kodak Co. of the United States under the 301 provision of the U.S. Trade Act.

Kodak complained that Fuji Photo Film Co., which controls more than 70 percent of Japan's film market, is unfairly blocking Kodak's access to Japanese consumers through anticompetitive practices and the Japanese Government is doing nothing about it.

Washington is calling for bilateral intergovernmental talks on the issue — one of four trade matters it wants

to see progress made on before president Bill Clinton visits Japan in mid-April.

Tokyo, however, refuses to accept the request, arguing there are no government-erected barriers in the market.

Tsutsumi said complaints about violation of the Antimonopoly Law should be brought to the Fair Trade Commission.

Japan: Debate on Reorganization of Farm Groups Begins

*OW2202132696 Tokyo KYODO in English
1249 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — An agricultural advisory panel to the prime minister Thursday [22 February] began deliberations on the reorganization of the farm industry, officials familiar with the debate said.

The deliberations will focus on the unification of prefectural credit federations of agricultural cooperatives and their umbrella organ, Norinchukin Bank, by combining their credit-related operations, the officials said.

Specifically, panel members will discuss the transfer of federations' credits which go beyond prefectural boundaries to Norinchukin Bank and that of credits within the boundaries to local agricultural cooperatives.

Farm organizations are currently grouped into national, prefectural and local associations. Controversies over agricultural financial institutions' heavy lending to failed housing loan companies have prompted the farm industry to convert its organizations into two groups by promoting the unification of local cooperatives.

Along with the start of deliberations by the panel which plans to issue a report by August, the Agriculture, Forestry and Fisheries Ministry plans to present to the current Diet session a bill needed to realize the merger of Norinchukin Bank and prefectural federations.

Japan: Extremist Group Claims Responsibility for Shooting

*OW2202115096 Tokyo KYODO in English
0955 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO — A radical leftist group Thursday [22 February] claimed responsibility for Wednesday's shooting incidents apparently aimed at the home of a senior public security official and a Justice Ministry agency.

In a statement sent to media organizations, Kakurokyo (Revolutionary Workers Association) said it staged the attacks in protest at government plans to apply an

antisubversion law against the religious group Aum Shinrikyo.

It said the Aum case was being used as leverage to crack down on revolutionary forces.

On Wednesday, a shell was discovered and a hole was found in the wall of a house near the residence of Katsuji Hotta, chairman of the Public Security Commission.

The commission is an independent body in charge of deciding on whether to outlaw any group under the antisubversive activities law.

Investigators also found two steel pipes with traces showing they had been used to shoot a shell on the grounds of Kyoritsu Women's University in Chiyoda Ward, central Tokyo.

The university faces a building housing the Kanto Regional Public Security Investigation Bureau of the Justice Ministry's Public Security Investigation Agency. The agency has called for applying the antisubversion law against Aum.

Police had suspected that Kakurokyo staged the attacks, as the projectiles were similar to those used by the group in terrorist incidents in the past.

Japan: Loading of Test Shuttle Landing Device Begins

*OW2202065696 Tokyo KYODO in English
0538 GMT 22 Feb 96*

[FBIS Transcribed Text] Nagoya, Feb. 22 KYODO — An experimental automatic landing device to be incorporated into the development plans of a Japanese version of the space shuttle was being loaded Thursday [22 February] on a ship bound for Australia where the device will be tested.

The ship carrying the Alflex experimental automatic landing device is scheduled to leave Nagoya port Saturday for Australia, where the device will be assembled and tested, officials said.

The test will involve airlifting an aircraft equipped with the Alflex device by helicopter and cutting it loose in midair at 1,500 meters. The aircraft with the experimental device should fly about 3 kilometers to Woomera Airfield where it will land, they said.

About 20 flight tests with the 6.1-meter-long, 760-kg aircraft are being planned by the National Space Development Agency of Japan.

Kawasaki Heavy Industries Ltd., which developed the Alflex craft, tested the landing device last December in Aichi Prefecture.

The device is designed to balance itself in the air by detecting the flow of air around it with a special sensor.

It is also equipped with a global positioning system using a satellite to pinpoint its location.

Alflex has been developed to obtain data for an automatic landing device for Japan's space shuttle, hope, which suffered a setback earlier this month with the loss of the Hyflex shuttle glider in the Pacific.

The Hyflex aircraft was also designed to collect data on the shuttle's reentry into the atmosphere to be used in the development of hope.

After an experimental flight Feb. 12, the Hyflex craft splashed down in the Pacific off Chichijima Island some 1,000 kilometers south of Tokyo, but sank before it could be retrieved due to the failure of a nylon rope securing the craft to a floating device.

North Korea

DPRK: Statement on Proposed 'Peace Mechanism' With U.S.

*SK2202041296 Pyongyang Korean Central Broadcasting Network in Korean
0100 GMT 22 Feb 96*

[FBIS Translated Text] In connection with the fact that the Government of the Republic will soon mark the second anniversary of its advancement of a proposal for establishing a new peace mechanism, a spokesman for the DPRK Foreign Ministry released the following press statement on 22 February:

Press Statement by a Spokesman for the DPRK Foreign Ministry

The DPRK Government will soon mark the second anniversary of its advancement of a proposal establishing a new peace mechanism in place of the outdated armistice system.

We advanced this proposal in consideration of the state of the current armistice system, which has failed to play a role in stabilizing the situation on the Korean peninsula and preventing an arms buildup and the danger of war, and out of a sincere desire to establish a new security-guarantee mechanism following the end of the cold war and, in the long run, to achieve peace and security in Northeast Asia.

In order to promote conditions for establishing a new solid peace mechanism, we have so far made consistent and sincere efforts; we have taken a series of practical measures, repeatedly demonstrating sincerity and patience. These efforts by us have won due support and sympathy from the international community.

However, since the DPRK-U.S. Agreed Framework was adopted, the United States, which has direct responsibility for ensuring peace on the Korean peninsula, has not positively responded to our reasonable proposal. Rather, it has unchangingly adhered to the policy of strength and continuously directed military threats at us.

At present, the United States is deploying the latest weapons and operational equipment in South Korea and conducting war exercises along the Military Demarcation Line [MDL] to overpower our Republic at a blow.

The United States is more openly maneuvering to build a tripartite military alliance with Japan and South Korea and repeatedly conducting U.S.-South Korea and U.S.-Japan joint military exercises under the pretext of so-called threats from the North. By so doing, it is trying in earnest to again carry out its cold-war policy on the Korean peninsula and in its vicinity.

Taking advantage of the U.S. policy of crushing the DPRK, this year the South Korean authorities again mapped out a plan to conduct war exercises of various sorts, one after another, on an unprecedented scale in place of the Team Spirit joint military exercise. At the outset of the New Year, it had already entered the plan's implementation stage. As a result, tensions on the Korean peninsula, which is one of the world's flash points, are being further aggravated, and a sense of urgency about a new war breaking out is continuously looming.

Under the present circumstances, the armistice in our country is being maintained narrowly, and peace is ensured. This is entirely thanks to our Republic's patient peace-loving policy and self-restraint.

In connection with the situation on the Korean peninsula, which runs counter to the trend of the era, which is headed for detente and peace, the United States, which has real power in South Korea in handling security affairs, must cool-headedly determine the development of the situation as a matter of course.

It is clear to anyone at present that the current armistice, which was established 43 years ago, cannot fulfill its mission of ensuring security on the Korean peninsula.

In fact, since it emerged, the old armistice mechanism, which is a product of the cold war, has never contributed to preserving peace on the Korean peninsula, but has instead been used only as evidence of hostile relations between us and the United States and the United Nations.

Furthermore, under the present state in which even the function of the Military Armistice Commission — which has been the only supervisory organization

involved in implementing the Armistice Agreement — has been paralyzed due to the United States' unilateral measures, the present vacuum, which threatens security on the Korean peninsula, should be filled immediately.

It is a stark reality that all issues related to peace and security on the Korean peninsula, including the DPRK-U.S. agreement to solve the nuclear issue, can be solved only by us and the United States.

As the practical parties [silchejok tangsajadul] of the Armistice Agreement, the DPRK and the United States have the noble responsibility to prevent a recurrence of war on the Korean peninsula and to achieve peace and security in the overall relations of Asia and the Pacific. We consistently assert that in order to arrange a mechanism for guaranteeing a complete, comprehensive [pok-walchok], and durable [hanggujok] peace on the Korean peninsula, it is imperative that a peace agreement be concluded between the DPRK and the United States.

However, we think that, considering the United States' policy toward Korea and the level of the present DPRK-U.S. relations, even the least institutional device to deter armed conflict and war on the Korean Peninsula should be arranged promptly.

Proceeding from this, the DPRK Government proposes the following (?detailed) [chongaedo] proposal to establish a new peace-guarantee system:

First, a tentative agreement should be signed between the DPRK and the United States to deter armed conflict and the danger of war on the Korean peninsula and maintain the state of armistice in a peaceful way.

The tentative agreement shall include the management of the MDL and the DMZ; ways to resolve armed conflict and accidents; the composition, duty, and authority of a joint military body; the amendment and supplementing of the tentative agreement; and other matters for the maintenance of security. The tentative agreement shall replace the Armistice Agreement until a complete peace agreement is concluded.

Second, to implement and supervise the tentative agreement, a DPRK-U.S. joint military body should be organized and operated in Panmunjom in place of the Military Armistice Commission.

Third, negotiations should be held at a pertinent level to discuss matters concerning endorsement of the tentative agreement and organization of the DPRK-U.S. joint military body.

Given the fact that an agreement on nonaggression has already been concluded between the North and the South of Korea and a North-South joint military body has also been established, if this detailed proposal of

ours is realized, a momentus situation for alleviating tension on the Korean peninsula and achieving peace there will emerge, and even the foundation for achieving reunification under a confederal system will be laid.

This proposal of ours is a reasonable initiative that fully accords with the interests of not only the parties concerned with the Korean Armistice Agreement, but also all other countries related to the agreement. The United States should affirmatively respond to the initiative, which reflects our generosity and peace-loving stand.

**DPRK: ROK Call for Army Preparedness
'Premeditated Provocation'**

*SK2202033496 Pyongyang KCNA in English
0314 GMT 22 Feb 96*

[*"Premeditated Move Aggravating Situation" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA) — A few days ago, the South Korean puppets urged the puppet Army to keep a "perfect military preparedness," abusing the North for no reason at all, and opened to the public a U.S.-made latest-type strategical bomber B-1 which was introduced into South Korea.

Branding this farce as a premeditated provocation intended to aggravate the military tension on the Korean peninsula and bring the situation to the brink of war, a news analyst of NODONG SINMUN today says:

The Kim Yong-sam group is hell bent on reckless North-targeted war exercises and arms buildup, making a fuss about non-existent "military threat from the North." This is an unpardonable challenge to the North which is making all sincere efforts for the peace of the country and its peaceful reunification and an unbearable mockery of the desire of the nation for the peaceful reunification.

"Military move of the North" and "threat from the North" on the lips of the South Korean puppets are nothing but a preposterous sophism to justify their frantic arms buildup and war moves against the North.

The reckless military racket of the puppets against the North is aimed at bossing a show at the puppet "National Assembly" elections slated for April and nipping the spring struggle of the democratic forces in the bud by threatening South Korean people.

The Kim Yong-sam group is a gang of traitors and warmaniacs who unhesitatingly commit the provocative military acts threatening the peace of the country and the security of the nation to prolong the remaining days of their political career and intend to block the righteous

struggle of people for independence, democracy and reunification with military strength. Its crimes can never be pardoned for all ages.

DPRK: ROK Defector From DLP Interviewed in Pyongyang

*SK2202090096 Pyongyang KCNA in English
0853 GMT 22 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA) — Chong Un-yong, 48, who was once a section chief of the Iri city committee of the "Democratic Liberal Party" [DLP] of South Korea and ran a restaurant in Iksan city of North Cholla Province, before defecting to the northern half of Korea, was interviewed by reporters in Pyongyang on Thursday.

He said that he defected to the North as he wanted to atone for his mistake — his zealous effort for Kim Yong-sam's election as "president" — and turn over a new leaf.

He noted:

"I devoted myself to Kim Yong-sam's 'victory' at the 14th 'presidential election' while working as an official of the 'DLP'. Seeing the society in the South turning into a corrupt one, a slaughter house under his anti-social rule, I made up my mind to defect to the North, a welfare society for the people where the nation's soul is alive, in order to live a true life for the country and the nation, though belatedly.

"Availing myself of an overseas trip some time ago, I could be taken to the embrace of the great General Kim Chong-il."

The "presidential election" in December 1992 was a fraudulent and money-backed one, Chong said, and cited facts to expose its seamy side.

He told reporters that he took charge of information activities of the ruling party in those days and so he could confirm that Kim Yong-sam squandered 1,000 billion won [US\$1.3 billion].

The fabulous sum of money misappropriated by Kim Yong-sam in the election campaign did not fall from the sky but was a result of the sweat and blood of the people, he said. "Yong-sam, a big thief, must be taken to the prison where No Tae-u is detained from the fox-kennel (Chongwadae) [presidential offices]."

All the people in the South think they committed a crime by choosing Kim Yong-sam with no elementary human feature as "president", Chong Un-yong noted.

Referring to what he saw in the northern half of Korea, he said that what moved him most in the North is that the state spares no money for the people.

It is the greatest happiness of the people in the North to have the great General Kim Chong-il as their father, he stressed, and said:

The leader and the people are united in one mind and the North is the only welfare society for the people in the world. This is based on General Kim Chong-il's politics for the people.

DPRK: Kim Yong-sam Compared to 'Prostitute Claiming Her Chastity'

*SK1902050396 Pyongyang KCNA in English
0400 GMT 19 Feb 96*

[*"NODONG SINMUN on S. Korean Traitor's Insulting History" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA) — South Korea's Kim Yong-sam, an unprecedented traitor, fascist tyrant and chief thief, continues fooling the people, while crying for "setting the modern history straight." This comes under fire in NODONG SINMUN today.

In a commentary the paper says:

He is trying to block the current of history and keeping the old and corrupt treacherous rule intact against independence, democracy and reunification, which are desired by the popular masses, the driving force and makers of history. It is really ridiculous of such a traitor as him to call for "setting the modern history straight". His act is as foolish as a prostitute claiming her chastity and is also an unacceptable insult to history.

If the modern history is to be set straight in South Korea, it is necessary to seek independence, democracy and reunification as desired by the people.

Through this campaign, however, Kim Yong-sam wants to keep the past wrongdoings not liquidated.

With his traitorous group left alone, it is impossible to prevent the recurrence of a disgraceful history in South Korea.

The traitor Kim must promptly stop the campaign of "setting the modern history straight", clearly mindful that if he continues deceiving the people with the third-rate advertisement, he will be condemned bitterly by them.

DPRK Commentary Denounces War Exercises in South Korea

*SK2102134996 Pyongyang Korean Central Broadcasting Network in Korean
1223 GMT 20 Feb 96*

[Commentary by Kim Ho-sam: "Humiliating Defeat Is What the Warmongers Will Get"]

[FBIS Translated Text] Bellicose remarks against our Republic are being let out continuously in South Korea. According to a radio report from Seoul, at a meeting held to receive so-called joint operation reports from the bosses of the puppet Army, Navy, and Air Force the puppet Defense Minister Yi Yang-ho babbled about the establishment of perfect military preparedness against a possible threat from the North, stressing that this year is an important period in terms of national security and the like.

This gibberish let out by the South Korean warmonger at a time when the puppets' arms buildup and war exercises are being frantically staged is a criminal act to further inspire the South Korean puppet Army into confrontation with us.

We cannot but seriously view this gibberish by the South Korean puppet national defense minister which was uttered at a time when all fellow countrymen in the North and the South and overseas are waging a vigorous struggle to open a new turning phase for the achievement of the independent and peaceful reunification of the country this year.

As everyone knows, these days the puppets are kicking up a provocative confrontation commotion in succession while unprecedently clamoring about a so-called threat from the North.

As has already been reported, on 16 February the puppets opened to the public view a B-1 strategic bomber, a picked U.S. bomber, for the first time in South Korea. The B-1 strategic bomber is the mean of the up-to-date nuclear preemptive attack which has been manufactured by remodeling B-52 strategic bomber, strategic nuclear bomber. This ultra-large type bomber can fly across the Pacific, loading 215 tonnes of bombs. It can also wage bombing, crossing continents. It is a so-called multipurpose heavy bomber which can carry out various military missions such as (?sea patrol mission), early warning mission, and mine laying mission.

Opening to the public view this time such a ultra-large type strategic bomber which has been kept in secret so far is aimed at sending us a sort of threatening signal. On 17 February, one day after the B-1 strategic bomber was opened to the public view, the U.S. Department of

Defense announced the plan to deploy 40 ultramodern antimissile missiles in South Korea.

The United States says that this plan is according to the request by the commander of the U.S. Forces in South Korea. However, it is needless to say that this plan was announced by the strong demands and solicitation of the South Korean puppets.

On the other hand, the South Korean puppets are frantically staging war exercises against us together with the U.S. imperialist aggressors. The Valiant Usher 96-2K war exercise, conducted for 10 days beginning from 9 February by mobilizing a up-to-date U.S. aircraft carrier, was a unprecedented attacking-type war exercise which included various types of naval drills against us, including an aircraft carrier mobile drill. A joint bombing exercise was also staged between 13 and 15 February as part of (Holinit Ligetu) war exercise. This exercise was participated in by various types of bombers, including B-52 strategic bombers.

In addition to these exercises, only for 15 days in February countless war exercises such as a large-scale airborne exercise for special commandos' infiltration, strategic reconnaissance against us, and espionage activities against us were perpetrated.

Now, why are the puppets perpetrating such frantic arms buildup, war exercises, and arms provocations these days? This is aimed mainly at diverting elsewhere the attention at home and abroad to the puppets who have been driven into a corner due to the secret fund scandal and at finding a way out in provoking a war of northward invasion.

The warmongers of the Kim Yong-sam puppet clique think that the only way to avert their desperate situation is a way of war. This is why the South Korean puppets kicked up the farce of introducing and opening to the public view ultra-large type strategic bombers and missiles from the United States while noisily clamoring about the nonexistent threat from the North. In this way the puppets are attempting to mislead public opinion as if their arms buildup and war exercises were to avert a threat from us. In other words, the puppets are attempting to shift responsibility for aggravating tension on the Korean peninsula onto us. However, no one will be entrapped by such a trickery.

The fair public opinion of the world unanimously say that those who are driving the situation on the Korean peninsula into tension are not us but precisely the South Korean puppets. Even the U.S. newspaper THE INTERNATIONAL HERALD TRIBUNE dated 12 February reported that the military exercises conducted in South Korea have aggravated tension in Asia.

Although the South Korean puppets are accelerating arms buildup and are frantically staging war exercises in collusion with their U.S. bosses in a bid to avert their crisis, this is indeed foolish. It will reveal only their bellicose nature. The maneuvers for war cannot become a way to prolong their lives. The South Korean puppets should not take a rash and thoughtless attitude.

Those who inspire confrontation are destined to go to their graves. We do not want war. But, if the puppets dash along the road of war indiscreetly what they will get is only a disgraceful ruin.

DPRK: ROK Student Councils Demand Special Prosecution System

*SK2002100696 Pyongyang KCNA in English
0909 GMT 20 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA) — Chairmen of 40 student councils affiliated with the South Korean Federation of University Student Councils published a declaration on the situation demanding the introduction of a special prosecution system, the total punishment of the murderers of May 18 massacre and the opening of the "presidential election" fund to the public, a South Korean newspaper said.

The declaration said the institution of the May 18 Special Law is the victory of the people who have vigorously struggled for punishment of murderers of Kwangju massacre. It strongly called for the introduction of a special prosecution system.

It demanded that all the murderers of May 18 massacre be punished by law.

It held that the traitor Kim Yong-sam should make public, of his own accord, the 1992 "presidential election" fund and make apology to the people.

The declaration stressed that one million students under the federation will carry into effect, on any account, the demand for the introduction of a special prosecution system and punishment of the murderers.

DPRK Daily Calls Kim Chong-il 'Great Lodestar' of Reunification

*SK2202102196 Pyongyang KCNA in English
1006 GMT 22 Feb 96*

["Comrade Kim Chong-il, Great Lodestar of National Reunification" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA) — The respected Comrade Kim Chong-il is the great lodestar of national reunification, who put forward correct ideas and theories, strategical and tactical

policies on the reunification of the country, which are the embodiment of the immortal chuche idea, so as to indicate a broad avenue to the accomplishment of the cause of reunification, stresses NODONG SINMUN in a signed article today.

The article quotes the great leader Comrade Kim Chong-il as saying:

"The fundamental position and plans of our party concerning the question of national reunification are widely known. Our party has consistently maintained that the country should be reunified by founding the Democratic Confederal Republic of Koryo on the three principles of independence, peaceful reunification and great national unity, leaving the existing ideas and systems in the North and South intact."

The article further says:

It is the fundamental position consistently maintained by Comrade Kim Chong-il concerning plans of national reunification to reunify the country by founding the confederal state, a nationwide unified state that can represent all parties, groupings and all other members of the nation on the three principles of independence, peaceful reunification and great national unity, leaving the two systems and two governments in the North and South intact.

He has wisely led all the patriotic forces at home and abroad to the reunification of the country, foiling the confrontation, war and division policies of the anti-reunification forces within and without.

He clarified the unshakable viewpoint on reunification to the effect that Korea is as good as an organism that cannot live divided into two but can live united as one.

The Korean nation has been under the tested and experienced guidance of Comrade Kim Chong-il, who enjoys unquestioned authority as the leader, for he has inherited the outstanding leadership ability and chuche-based strategy and tactics of the great leader Comrade Kim Il-song. It, therefore, has been able to strengthen the driving force of national reunification and gain successes in the efforts for independent reunification.

Comrade Kim Chong-il has given birth to the socio-political organism based on the singlehearted unity of the leader, the party and the masses in the northern half of Korea so as to build and consolidate a powerful driving force for national reunification.

The Democratic People's Republic of Korea under his wise guidance has turned into an ideologically, politically and militarily powerful state that can repulse any interference and aggression on the part of the

imperialists; it has become a powerful driving force of national reunification.

He, basing himself on a new analysis of the character of South Korean society, expounded in a profound way that independence, democracy and reunification should be organically linked with one another within the framework of a movement. And he led a struggle for a more brisk reunification movement.

Today the internal forces of the Korean nation for the reunification of the country have grown stronger than ever before in the North, South and overseas and they form a nationwide united front. This is attributable to the energetic activities and wise guidance of Comrade Kim Chong-il to strengthen the driving force of reunification.

To cope with the situation created in the country, he has set forth reasonable proposals and ways of securing peaceful preconditions for national reunification and pushed head with the struggle for their materialisation.

He advanced correct strategical and tactical policies to bring about a new turning-point in the efforts for national reunification in hearty response to the behests of Comrade Kim Il-song on reunification and gave wise guidance so that the reunification movement is promoted with redoubled efforts. Bright, therefore, is the prospect of national reunification and the future of a reunified country.

As the respected Comrade Kim Chong-il, the great lodestar of national reunification, leads the cause of national reunification, the Korean people will certainly accomplish the historic cause of national reunification, getting over whatever trials and difficulties.

DPRK: Russian Communist Party Official Praises Kim Chong-il

SK1802072896 Pyongyang KCNA in English
0648 GMT 18 Feb 96

[*"Veteran Statesman"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — NODONG SINMUN today carries an article titled "Veteran Statesman" by Viktor Anpilov, secretary of the Central Committee of the Communist Workers' Party of Russia and chairman of the Executive Committee of the "Working Russia" movement.

The article is divided into three parts — "Kim Chong-il's Mode of Politics," "Political Philosophy of Chuche" and "Traits of Veteran Statesman."

The author says:

The respected Comrade Kim Chong-il has been leading Korea as a political leader for a longer time than any other statesmen in history.

Comrade Kim Chong-il, now in his fifties, has led the party as well as the state, the Army and other domains of Korea for more than 30 years.

He is a veteran statesman, indeed.

Together with His Excellency President Kim Il-song, a great master and elder of world political circles, he has established a new, unique mode of politics — benevolent politics.

Benevolent politics is the traditional mode of politics of Korea. President Kim Il-song provided its historical root during the anti-Japanese revolution, regarding the people as his god and developed it in depth and Comrade Kim Chong-il has completed it.

The essence of Kim Chong-il's mode of politics is love and trust.

Love for the people is the basis of his politics.

He is a model of a true leader who regards the people as the most valuable in the world, deeply loves them and devotedly works for their sake.

He is a great statesman who has the best political philosophy in the present time.

His political philosophy is the immortal chuche idea founded by the respected President Kim Il-song.

This man-centred political philosophy requires that the masses of the people should be the master of everything and that everything should serve them.

As he has the chuche political philosophy, Comrade Kim Chong-il commands high praises in the world's political circles as the most authoritative, independent statesman and master of popular politics in the world in the present time.

He was born on Mt. Paektu, a holy mountain of revolution, and tried his feet in the primitive forest of the mountain, hearing the gun reports of the anti-Japanese war, which was fought under the banner of the chuche idea.

That is how the greatest veteran statesman in the present time started to toddle in the early 1940s.

Together with President Kim Il-song, the founder of the chuche idea, he always found himself among the people and led the revolution and construction. In the course of this, he learned political philosophy. He is truly a veteran statesman of the people.

He is the supreme incarnation of communist morality and loyalty. He is intensely true to the leader who pioneered the revolutionary cause and unfailingly faithful to the people.

Since the death of the president, he has kept the highest positions of the party and the state vacant. To preserve the president in state, he built the Kumsusan Memorial Palace, which is the most wonderful in the world. He is putting his heart and soul into inheriting the leader's ideology and exploits one hundred percent.

Despite his indescribably deep sorrow and grief at the unexpected death of the president, he conducted extraordinary ideo-theoretical activities day and night.

This period has seen the publication of his works "Socialism Is a Science," "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism," "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song" and "Respecting the Forerunners of the Revolution Is a Noble Moral Obligation of Revolutionaries."

He has devoted his everything to the people and has been intensely modest before them.

He does not force his ideas on the people through his subjective remarks, but he explains them in a logical, deep-going way through his writings and speeches in most cases.

I have an opinion deeply rooted in my heart. It is that a giant solar system of socialism with Comrade Kim Chong-il at the centre has long been formed in the hearts of humankind.

The planets of this system will invariably follow the orbit of the age of independence with youthful vigour because they have Comrade Kim Chong-il, a veteran statesman, as the sun.

DPRK: UK Communist Leader Visits Pyongyang Mission of NDFSK

*SK1902041696 Pyongyang KCNA in English
0344 GMT 19 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA) — Eric Trevett, general secretary of the Central Committee of the New Communist Party of Great Britain, called at the Pyongyang mission of the National Democratic Front of South Korea (NDFSK) on February 18.

Chief Yi Chong-sang and members of the mission greeted the guest and conversed with him in a friendly atmosphere.

Yi Chong-sang elaborated on the NDFSK's activities and the South Korean situation.

Eric Trevett informed them of the activities of his party.

"The imperialists have put political, economic and military pressure upon the northern half of Korea, but such moves have been frustrated by the struggle of the Korean people wisely guided by Comrade Kim Chong-il," he said.

Referring to the intensified struggle of the people in the North and South of Korea for national reunification, he said his party would always extend full support to the struggle of the NDFSK for independence, democracy and reunification.

DPRK: WPK Secretary Kim Yong-sun Meets Japanese SDP Official

*SK1902044696 Pyongyang KCNA in English
0340 GMT 19 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA) — Secretary of the Workers' Party of Korea Central Committee Kim Yong-sun met and conversed in a friendly atmosphere with Hajime Fukata, director of the Organisational Department of the Japan Social-Democratic Party [SDP], and his companion at the Mansudae Assembly Hall on February 18.

DPRK: Japan Social Democratic Party Official Arrives 17 Feb

*SK1802080796 Pyongyang KCNA in English
0659 GMT 18 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — Hajime Fukata, director of the Organisational Department of the Japan Social-Democratic Party, and his associates arrived here on Feb. 17.

DPRK: Hwang Chang-yop Meets Italian Delegation

*SK2002065196 Pyongyang KCNA in English
0448 GMT 20 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA) — Secretary of the Workers' Party of Korea Central Committee Hwang Chang-yop met and conversed with the delegation of the Struggle for Peace and Socialism of Italy led by Luigi di Cesare, member of its Secretariat, here on Monday.

The head of the delegation said he witnessed the true looks of the unique socialism of Korea and he saw and learnt a lot of things in this unimaginable reality.

"Korea is really a socialist country," he said, adding that "I will actively strive to develop friendly relations with the Workers' Party and the people of Korea."

DPRK: Zambia, Japan, Nepal Visitors Pay Homage to Kim Il-song

*SK1902044896 Pyongyang KCNA in English
0354 GMT 19 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA) — Foreigners on Sunday paid homage to the Great Leader President Kim Il-song at the Kumsusan Memorial Palace where he is preserved in state.

Among them were Foreign Minister Christon Tembo, who is the special envoy of the Zambian President, and his party, the delegation of the Nepal Communist Party (United Marxism-Leninism) led by General Secretary of its Central Committee Madhav Kumar Nepal and director of the Organisational Department of the Japan Social-Democratic Party Hajime Fukata and his companion.

Accompanying them were Vice-Premier and Foreign Minister Kim Yong-nam and officials concerned.

Madhav Kumar Nepal wrote in the visitor's book that the death of Comrade Kim Il-song, who was a great fighter, ever-victorious statesman, great revolutionary and teacher, is a big loss to the world's oppressed people and all justice-loving people.

"The revolutionary idea of the Great Leader Comrade Kim Il-song is brightly indicating the road ahead of the struggle of the courageous Korean people and the world revolutionaries today too," he wrote.

Hajime Fukata said he has learned a lot of things from Korean-style socialism and the chuche idea created by President Kim Il-song in the past. "I am convinced that the cause of President Kim Il-song will be accomplished, on any account, by His Excellency Kim Chong-il," he said, and added:

"Today I have got more deeply the faith that President Kim Il-song is the mental sun of the people all over the world."

DPRK: Zambian President's Envoy Talks With Kim Yong-nam

*SK1802074696 Pyongyang KCNA in English
0656 GMT 18 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — The government of the Democratic People's Republic of Korea gave a reception for Foreign Minister Christon Tembo, special envoy of the Zambian president, and his party at the Mansudae Assembly Hall on Feb. 17.

Invited to the reception were the special envoy and his party and Zambian Ambassador to Korea Moses Musonda.

Prior to the reception, Kim Yong-nam, vice-premier and foreign minister, met and had a talk with Christian Tembo and his party at the Mansudae Assembly Hall when they paid a courtesy call on him.

They arrived here on the same day.

DPRK: Zambian President's Envoy Visits Kim Il-song's Statue

*SK1802074396 Pyongyang KCNA in English
0654 GMT 18 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — Foreign Minister Christon Tembo, special envoy of the Zambian president, and his party visited the statue of the great leader President Kim Il-song on Mansu Hill on Feb. 17 to lay a floral basket and make reverence.

Present there were Vice-premier and Foreign Minister Kim Yong-nam and Zambian Ambassador to Korea Moses Musonda.

DPRK: Kim Yong-nam, Zambian Foreign Minister Discuss Ties

*SK1902050296 Pyongyang KCNA in English
0357 GMT 19 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA) — Talks were held here on Sunday between Vice-Premier and Foreign Minister Kim Yong-nam and Foreign Minister Christon Tembo, who is a special envoy of the Zambian president.

At the talks, the sides informed each other of the situation of their countries and exchanged views on a series of issues including the relations between the two countries and the Nonaligned Movement.

The special envoy said:

"All the Korean people have been making brilliant success and strides in all fields under the outstanding leadership of His Excellency Kim Chong-il, the great leader, united in one mind around him. The Zambian people sincerely congratulate the Korean people over it and believe that they will register bigger success in the future."

He voiced full support and firm solidarity of the Zambian Government for the proposal of reunification through confederacy formula advanced by the Great Leader President Kim Il-song and expressed the belief that the peaceful reunification of Korea will be realized without fail in the near future.

DPRK: Kim Yong-nam Sees Off Departing Zambian Foreign Minister

*SK2002100996 Pyongyang KCNA in English
0932 GMT 20 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA) — Foreign Minister Christon Tembo, who is a special envoy of the Zambian president, and his party left here today after a 4-day visit to Korea.

They were seen off at the airport by Vice-Premier and Foreign Minister Kim Yong-nam.

They visited the three revolution exhibition and the May Day Stadium during their stay here.

DPRK: Yi Chong-ok Meets Thai Party Delegation, Zambian Envoy

*SK2002064896 Pyongyang KCNA in English
0451 GMT 20 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA) — Yi Chong-ok, Politburo member of the Workers' Party of Korea Central Committee and vice-president, met and conversed with the delegation of the Phalang Tham (Righteous Force) Party of Thailand led by its Deputy Leader Krasae Chanawong at the Mansudae Assembly Hall on Monday.

On hand was Deputy Director of a Department of the C.C. [Central Committee] WPK Kim Yang-kon.

That same day, the vice-president met and conversed with Foreign Minister Christon Tembo, special envoy of the Zambian president, and his party.

Present there were Vice-Minister of Foreign Affairs Choe Su-hon and Zambian Ambassador to Korea Moses Musonda.

The special envoy handed the vice-president a personal letter of Zambian President Frederick J.T. Chiluba addressed to the Great Leader Comrade Kim Jong-il.

DPRK: WPK, Thai Party Delegations Hold Talks in Pyongyang 17 Feb

*SK1802073796 Pyongyang KCNA in English
0653 GMT 18 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — A delegation of the Workers' Party of Korea [WPK] had talks with a delegation of the Palang Dharma (Righteous Force) Party of Thailand here on Feb. 17.

Present on the WPK side were Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, and officials concerned and on the

opposite side were the members of the delegation of the Palang Dharma (Righteous Force) Party of Thailand led by Krasae Chanawongse, deputy leader of the party.

Both sides informed each other of the activities of their parties and discussed the issue of developing the friendly relations between the two parties and other matters of common concern.

DPRK: Foreign Party Delegation Leaders Depart 17 Feb

*SK1802075496 Pyongyang KCNA in English
0658 GMT 18 Feb 96*

[All foreign party leaders' names are as received]

[FBIS Transcribed Text] Pyongyang, February 18 (KCNA) — The Ukrainian Communist Party delegation led by P.N. Simonenko, first secretary of its Central Committee; the delegation of the National Assembly Party of Jordan led by Wadie A. al-Sayegh, deputy general secretary; the delegation of the People's Party of Cambodia led by Ngon Nhel, member of the Standing Commission of its Central Committee; the delegation of the Funcinpec [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia Party] Party led by Omrasady, director of the External Relations and Information Department of the party and chairman of the foreign affairs, International Cooperation and Information Committee of the National Assembly of the Kingdom of Cambodia; left here on Feb. 17, ending their visit to the DPRK.

They were seen off at the airport by Choe Tae-pok, alternate member of the Political Bureau and secretary of the Central Committee of the Workers' Party of Korea.

The delegations visited Mangyongdae, the tower of the chuche idea, the monument to party foundation and the West Sea barrage and other places during their stay in Korea.

DPRK: Hwang Chang-yop Meets Visiting Nepal Communist Delegation

*SK2002064196 Pyongyang KCNA in English
0447 GMT 20 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA) — Talks were held between the delegations of the Workers' Party of Korea and the Nepal Communist Party (United Marxism-Leninism) here on Monday.

Present at the talks on the Korean side were Secretary of the C.C. [Central Committee], WPK Hwang Chang-yop and officials concerned, and on the opposite side were the members of the delegation of the Nepal Communist

Party (UML) led by general secretary of its Central Committee Madhav Kumar Nepal.

Both sides informed each other of their parties' activities and discussed developing friendly relations between the two parties and a series of matters of mutual concern.

DPRK: 'Courage' of 'Outstanding' Kim Chong-il Noted

*SK2202101296 Pyongyang KCNA in English
0948 GMT 22 Feb 96*

[Courage of Outstanding Brilliant Commander" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA) — A national fine arts exhibition and a national photo exhibition are open before full houses in Pyongyang to celebrate the February 16 holiday.

Put on display are many art works and photos showing the unparalleled courage and outstanding commanding art of the great leader Comrade Kim Chong-il.

The visitors, seeing round the exhibitions, are deeply moved by the greatness of Comrade Kim Chong-il, an outstanding brilliant commander, who is gifted with infinite courage, with which to cope with any rigorous and critical situation with great composure and brave any manœuvrings of the enemy.

It was at the time of the "Panmunjom incident" in August 1976.

The U.S. imperialists were running mad likely to invade the northern half of Korea soon, bringing huge aggression forces and war means including a nuclear aircraft carrier in and around the Korean peninsula.

At this touch-and-go moment, the respected General Kim Chong-il, imperturbably, went to a theatre and gave meticulous guidance to the creation of the music and dance story "Song of Paradise" late into the night.

In 1993, he turned adversity into favourable condition, smashing the enemy's aggressive attempt into smithereens.

The imperialists, elated with the ending of the Gulf War in 43 days by collaborated force of arms two years ago, intensified political and military pressure upon Korea that year.

Synchronizing with clamours for "special inspection", the U.S. imperialists, in collusion with the South Korean puppets, staged the "Team Spirit 93" joint military drill with large forces more than 200,000 strong, nuclear-capable latest fighters, warships and various kinds of nuclear strike means.

The Korean peninsula was in the midst of a hair-trigger situation.

World attention was focused on Korea.

When General Kim Chong-il was told about the gravity of the enemy's military offensive moves one day, he laughed a hearty laugh and said with confidence: Let us control the black waves of the enemy with our red waves.

On March 8 that year, the world was struck by a shocking news.

Comrade Kim Chong-il, supreme commander of the Korean People's Army, gave an order to put the whole country, all the people and the whole army in a state of semi-war.

In more than 10 days after the announcement of the order, about 1.5 million people throughout the country volunteered to join or rejoin the Korean People's Army.

On March 12, the Democratic People's Republic of Korea made public a government statement declaring its withdrawal from the Nuclear Non-Proliferation Treaty (NPT).

General Kim Chong-il slashed the enemy across the face with such steps and lifted the semi-war state on the 16th day, though the U.S. imperialist aggression forces remained amassed around the Korean peninsula.

On March 30, he visited the International Children's Union Camp newly built in the scenic spot on the east coast and discussed important matters to make sure that children of Korea and other countries enjoy a pleasant camp life.

And he saw that the 11th April Spring Friendship Art Festival was held before full houses.

The people and the People's Army of Korea, who are under the leadership of Comrade Kim Chong-il, possessed of unparalleled courage and outstanding commanding art, not shaken under any stresses and storms, will always glorify the dignity and honour of a victor.

DPRK: Kim Chong-il Lauds Charitable Deeds, 'Communistic Traits'

*SK1902042996 Pyongyang KCNA in English
0339 GMT 19 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to the officials and employees of the Ministry of Marine Transport for having taken

warm care of the bereaved children at the Nampo Revolutionary School.

They visited the Nampo Revolutionary School on the occasion of the February holiday and gave the bereaved children many articles for cultural use of ten odd kinds they had prepared with sincerity.

Informed of their good deed, Comrade Kim Chong-il sent a significant autograph reading "thanks to the entire comrades of the Ministry of Marine Transport".

He also sent his thanks to Kim Kwang-su, a department director of the Tongdaewon District, Pyongyang, Committee of the Workers' Party of Korea, and many other officials and working people, who had fully displayed the communistic traits.

DPRK: Kim Chong-il Receives Message From Libya's al-Qadhdhafi

*SK2102034796 Pyongyang Korean Central Broadcasting Network in Korean
1300 GMT 18 Feb 96*

[FBIS Translated Text] On the occasion of his birthday, Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, received a congratulatory message from Mu'ammar al-Qadhdhafi, the leader of the Great 1 September Revolution of the Socialist People's Libyan Arab Jamahiriya. The message reads:

Pyongyang

The great leader Your Excellency Kim Chong-il

It is my pleasure that I, on behalf of the people of the Socialist People's Libyan Arab Jamahiriya, extends the most sincere congratulations and wishes to your excellency on the occasion of your excellency's birthday.

I wish your excellency long life and happiness. At the same time, I wish the friendly Korean people progress and prosperity.

[Signed] Colonel Mu'ammar al-Qadhdhafi, the leader of the Great 1 September Revolution of the Socialist People's Libyan Arab Jamahiriya

[Dated] 14 February 1996, (Palabulus)

DPRK: Kim Chong-il Congratulated by 'Arafat, Others

*SK2002064996 Pyongyang KCNA in English
0456 GMT 20 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 20 (KCNA) — The Great Leader Comrade Kim Chong-il received congratulatory messages from foreign heads of state on the occasion of his birthday.

They came from Yasir 'Arafat, president of the state of Palestine, chairman of the Executive Committee of the Palestine Liberation Organisation and head of the Palestine National Authority; Mohamed Abd 'al-Aziz, president of the Saharan Arab Democratic Republic and secretary general of the Polisario Front; Zafy Albert, president of the Republic of Madagascar; Sani Abacha, head of state and commander-in-chief of the Armed Forces of the Federal Republic of Nigeria; and Jerry John Rawlings, president of the Republic of Ghana.

The messages extended warmest congratulations to Comrade Kim Chong-il and wished him a long life in good health.

They expressed the belief that the friendly and cooperative relations forged between their countries and Korea will be strengthened and developed in the future, too.

DPRK: Flowers Laid Before Kim Il-song's Statues on Lunar New Year

*SK1902105896 Pyongyang KCNA in English
1020 GMT 19 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 19 (KCNA) — Floral baskets have been laid before statues of the great leader President Kim Il-song by working people, soldiers of the People's Army, youths and schoolchildren on the lunar New Year's Day.

Placed before his statue on Mansu Hill were floral baskets, bouquets and flowers in the name of organs, organizations, industrial establishments and schools in Pyongyang.

Seen in ribbons of the floral baskets were letters "The great leader Comrade Kim Il-song will live forever" and "The great revolutionary feats of the respected leader Generalissimo Kim Il-song will be immortal."

Working people, servicemen, youths and schoolchildren bowed before the statue, recollecting his imperishable exploits.

His statues in other places of the city have also been visited by many people to express deep reverence for him.

Meanwhile, floral baskets, bouquets and flowers have been laid before the statues of the fatherly leader President Kim Il-song in local areas.

DPRK Paper Urges Cherishing Pride in Having Great Leader

*SK2202085396 Pyongyang KCNA in English
0840 GMT 22 Feb 96*

[**"NODONG SINMUN Calls For Cherishing Pride in Having the Great Leader"** — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA) — All the party members and other working people should demonstrate to the whole world the dignity of the Kim Il-song nation led by the great leader Comrade Kim Chong-il by more relentlessly struggling for the accomplishment of the cause of the party, bearing deep in their mind the great pride and self-confidence that their leader, their party, their country and socialism of Korean style are the best.

So says NODONG SINMUN today in an editorial titled "Let Us Cherish the Pride in Having the Great Leader."

The editorial says that days when the Korean people have significantly greeted the birthday of the respected Comrade Kim Chong-il as the greatest holiday of chuche Korea have been meaningful ones when they have more deeply felt their national pride and self-confidence that they are guided by the great leader, a peerless great man.

It quotes the great leader Comrade Kim Il-song as saying:

"Such a people's leader as Comrade Kim Chong-il... who has literary and military accomplishments, loyalty and filial piety will be rare."

It further says:

Ours are a proud people who live and work, always bearing deep in their hearts their happiness in having great leaders generation after generation.

It is the greatest fortune and the highest pride of the Korean people to hold in high esteem as the head of the party, the army and the revolution the great Comrade Kim Chong-il who is matchless in idea, leadership and virtues and in the history of revolutionary activities and exploits he has performed for the times and the history.

Today, our country is boundlessly exalting the dignity and honor of chuche Korea, demonstrating its pride in becoming a powerful one in ideological, political and military fields. This is because it has the great leader, the supreme commander in the person of the respected Comrade Kim Chong-il.

The pride of the Korean people guided by General Kim Chong-il gives them the conviction of the powerfulness and mightiness of the Kim Il-song nation.

Only when all the people resolutely fight with such noble ideological feelings can they become the great nation that has a strong independence and a dignified nation that cannot be looked down upon by others.

The Korean people are building socialism in the most difficult conditions. However, as they are firmly convinced of the greatness of their leader, they are powerfully advancing without defeatism and pessimism, holding the red flag of the revolution high.

With the high pride and self-confidence in having the great leader, they are demonstrating their honor as the heroic people who always triumph, valiantly frustrating any anti-socialist moves of the imperialists.

When all the party members and other working people and the officers and men of the People's Army powerfully struggle as one with the high sense of pride and self-confidence in having general Kim Chong-il in the van, praiseworthy victories and feats of turning misfortune into a blessing will be registered incessantly and the three positions of Korean-style socialism be consolidated into an impregnable fortress.

DPRK: Kim Il-song, Kim Chong-il Like 'Sun of Great Love'

*SK2202102096 Pyongyang KCNA in English
0956 GMT 22 Feb 96*

[**"Sun of Love"** — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 22 (KCNA) — President Kim Il-song is the pioneer of true love who deserves eternal thanks from the Korean nation and humankind, and the leader Kim Chong-il is the tender-hearted father who has brought into full bloom the president's human love in the northern half of Korea.

Both President Kim Il-song and the leader Kim Chong-il are like the sun of great love.

This is the topic of an article titled "Sun of Love" by Han Song-chun, a retired professor from the Seoul Theological Seminary.

It was the biggest fortune ever in history that the Korean nation was guided by President Kim Il-song. His 80-odd-year-long life was the great history of true love for man, humankind and the nation.

Describing the love shown by President Kim Il-song as the love of the sun, the article says:

His love, the love of the sun, is the love of believing in the people as in heaven. It is not the love providing that you enjoy love if you believe in and love me," but

the love believing in and respecting the people utterly as "god". [quotation marks as received]

His love is the true one with which he devoted himself for the nation bearing all miseries of the people upon himself, as the sun burns itself for warming the nature. It is the love of service which is only shown for people.

Since the president embarked on the sacred struggle for national restoration in his teenage, he had undergone all sorts of misfortunes, sufferings and sorrows, which humankind should not suffer. But he had worked ceaselessly for the people.

He only showed love for the people, but he got nothing there from.

His is the equal love for all people and the benevolent love with which he took warm care of and brought up younger generations and defended them.

He looked after and cared for all the people on an equal footing and realized all their wishes.

He devoted himself for younger generations.

He regarded the people as heaven and the children as the king of the heaven.

President Kim Il-song's love for people is the infinite one in the boundless world, knowing no space-time, and the sacred one of great mercy and compassion.

His love does not tolerate any enemy, groupings and factions.

But it is generous for human love and peace.

For the sake of humankind, he embraced all those who had an iota of human love.

President Kim Il-song had made the 20th century shine as a century of warm love, and the leader Kim Chong-il is energetically working to glorify the 21st century, too.

Kim Chong-il is the living image of President Kim Il-song, which is the image of the great sun that has come to this world for the people.

The maxim of Kim Chong-il is to serve the people as their servant, as the president did.

Kim Chong-il's love is the one that particularly respects patriots and those who work with sincerity. It is the all-embracing love of the sun that brings into full bloom the love of the president.

All his love is also shown for the people in the South.

Under the rays of his great love the Korean nation has been elevated as the best nation in the world and the world moves along the orbit of independence, clearing the last darkness of the "dark era", the article said,

adding, "Indeed, he is the sun of great love and the sun of eternal love, that bestows the same love upon the world as President Kim Il-song showed."

South Korea

ROK To Build Desalination Plant on Tokto for Inhabitants

SK2202051196 Seoul THE KOREA TIMES in English
22 Feb 96 p 1

[Report by staff reporter Sin Hak-nim]

[FBIS Transcribed Text] The government plans to build a small desalination plant on Tokto Island in preparation for human habitation of Korea's easternmost territory, an Environment Ministry spokesman said yesterday.

The seawater purification system, expected to be in operation by late March, will produce five tons of potable water per day, enough for the use of 50 people. Now there is a 32-man National Police contingent on Tokto.

Close consultations are under way with other related agencies, including the Home and Defense Ministries, on the construction of the plant, the ministry spokesman said.

The government's plan to build the desalination plant on the rocky islet, about 92 kilometers (57.5 miles) east of Ullung-to Island in the East Sea, comes at a time when Tokto is the focus of an international dispute over Japan's territorial claim to the island which has effectively been a part of Korea for centuries.

Environment Ministry officials and engineers from the maker of the water purification plant, Chong Ho Precision Co., will visit the island within this month to prepare for its design and construction.

The plant adopting the reverse osmosis system which turns a salty solution into fresh water by pressuring it through a membrane, is expected to go into operation by March 22 at the latest, according to the ministry officials.

The installation of the desalination plant on Tokto is expected to expedite the construction of a wharf and other facilities for human habitation as well as emergency shelter, officials said.

As the Korean government is reported to be preparing for the construction of docking facilities on Tokto, composed of two islets and dozens of reefs around them, Japanese Foreign Minister Yukihiko Ikeda, claiming that the island belongs to Japan, filed a protest with Seoul through the diplomatic channel.

The Japanese move, in addition to its drawing of a 200-nautical mile Exclusive Economic Zone (EEZ) that may cover Tokto, touched off fierce anti-Japanese protests across Korea.

Foreign Minister Kong No-myong Tuesday announced the Korean government's decision to establish its own EEZ soon, though he did not make it clear whether Seoul would take Tokto as the baseline for the demarcation of the EEZ.

"Rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf," according to Article 121 of the U.N. Convention on the Law of the Sea, which was concluded in 1982 and went into effect in 1994.

As the Japanese government has shown no signs of withdrawing its claim to the islet, there are growing calls for the government to make Tokto an inhabited place, to put an end to the decades-old territorial dispute once and for all.

At present, two Korean fishermen are registered as residents of the island, which is a part of Nam-myon, Ullung County, Kyongsangpuk-to, but they do not live there all year round partly because there is no source of drinking water.

ROK: Seoul Dailies Review EEZ Issue, ROK-Japan Ties

SK2102124296

[FBIS Report] Seoul vernacular dailies on 21 February carry editorials commenting on the Japanese Government's decision at a cabinet meeting held on 20 February to push ahead with the necessary measures for the proclamation of the 200-nautical-mile exclusive economic zone [EEZ] which would cover the disputed island of Tokto. Hours after the Japanese cabinet's approval of its plan on its own EEZ, ROK Foreign Minister Kong No-myong also announced the ROK Government's decision to declare its 200-nautical-mile EEZ.

The conservative CHOSON ILBO carries on page 3 a 1,100-word editorial entitled "The Challenge by Hashimoto." The editorial notes the core of the dispute between the ROK and Japan is the territorial rights to Tokto and notes that although the Japanese Government did not specifically mention the Tokto issue at the 20 February cabinet meeting, it continues to maintain that Tokto is within its territorial waters. The editorial stresses that the Japanese claim to Tokto is a contempt to the ROK and a grave challenge against the ROK, and notes, "We are concerned that the Japanese move involving the Tokto issue reflects Japanese Prime Min-

ister Hashimoto's ultranationalistic and rightist political line," and concludes by urging the government to maintain tough and clearcut stance against Japan on this issue.

The moderate TONG-A ILBO carries on page 3 a 1,100-word editorial entitled "We See the Japanese Double-Dealing Here Again." The editorial notes that although the Japanese Government did not specifically mention Tokto at its cabinet meeting on 20 February, the Japanese chief cabinet secretary, following the cabinet meeting, said to the reporters, "The Japanese position on Tokto remains unchanged in principle," thereby hinting its intention to include Tokto in its EEZ plan. The editorial says that it is quite proper for the ROK Government to have announced its decision to declare a 200-nautical-mile EEZ to counter the Japanese action, and stresses, "Japan should withdraw its absurd assertion aimed at giving the impression to the international community that there is a territorial dispute over Tokto, which should not exist because it is the ROK's territory historically, by international law, and in terms of practical reality." The editorial concludes by stating, "The amendment of the fishing order in the waters surrounding the Korean peninsula must be made on reasonable criteria so that it will not hurt the good neighborly relations among the ROK, China, and Japan, but protect fishery resources, and benefit fishermen of the three countries involved."

The moderate HANGUK ILBO carries on page 3 a 900-word editorial entitled "We Should Deal With the EEZ Resolutely." The editorial welcomes the ROK Government's prompt action of announcing its decision to declare its own EEZ against the Japanese action, and says, "Japan stealthily occupied Tokto during the Russian-Japanese war when Japan practically deprived us of our sovereignty, including our diplomatic rights. Therefore, their claim to Tokto reveals that Japan has not discarded its inclination on aggression and that all the apologies it has made so far on its wrongs against the Korean people were false." The editorial characterizes as rather soft the stance in Foreign Minister Kong No-myong's announcement on the decision to declare the EEZ and stresses, "The government should have concisely clarified that the baseline of the ROK's 200-nautical-mile EEZ starts from Tokto." The editorial concludes by urging the government to maintain active attitude to secure national interests in the negotiations for the adjustment of the overlapping areas of the economic zone and for the revision of the fishing agreement as well.

The moderate KYONGHYANG SINMUN publishes on page 3 a 900-word editorial entitled "Tokto Cannot Be Subject To Negotiations." Pointing out that Japan

withheld a direct comment on whether or not its zone would encompass Tokto, the editorial comments "if the Japanese Government had inserted one phrase that questioned the very fact that Tokto is a ROK territory, it would certainly have become a seed of great misfortune in bilateral relations." The editorial, however, insists that "Japan's real intention over Tokto remains unchanged," by quoting Japan's Chief Cabinet Secretary Kajiyama's remark that Japan is "not considering excluding any part of the maritime area from the economic zone."

The editorial then warns "if Japan proclaims its economic zone with its baseline starting from Tokto by any chance, it would be tantamount to an act of invading a neighboring country's territory as well as an act of infringing upon the ROK's sovereignty." Supporting the announcement of Seoul's decision to establish 220-nautical-mile zone off its shores, the editorial states "even though the two countries will inevitably settle this issue through negotiations, it is our firm stance that the Tokto issue can never be subject to negotiations." The editorial concludes by prompting the government that "as far as Tokto is concerned, there can be no bargaining."

The moderate CHUNGANG ILBO publishes on page 6 a 900-word editorial entitled "Now Is the Time To Restore Normal ROK-Japan Diplomatic Relations." Noting that the ROK and Japan avoided a head-on collision by refraining from directly referring Tokto as the baseline of EEZ, the editorial comments "this is fortunate for the future relations of the two countries."

The editorial points out that even though the ROK's territorial right to the island is supported by "historical records" as well as "international laws," the ROK has "unnecessarily aggravated bilateral relations" over the Tokto issue which could be "calmly settled on a diplomatic level." Reminding that there are a number of economic and security issues to be settled between the two countries, the editorial urges that "the two countries should go ahead with the ROK-Japan summit meeting that has been canceled and restore the ROK-Japan diplomacy to a normal status, improving the mutual cooperative system." The editorial concludes that "the two countries should be calm enough to operate a normal diplomatic channel mutual even if they have conflicting interests."

The pro-government SEOUL SINMUN carries on page 3 a 900-word editorial entitled "the EEZ Proclamation by the ROK and Japan." Predicting that the two countries are set to engage in long and hard negotiations on drawing the border line on the overlapped areas of their exclusive zones, the editorial worries that this might "drive bilateral relations into a corner." Referring to the Japanese chief cabinet secretary's remark that

Japan's stance on Tokto has been "consistent," the editorial urges the Japanese Government to "give full play to its diplomatic skill befitting the leading country of this region, instead of clinging to the issue of territory that is not even justifiable and necessary." Stressing the need to "fully revise the existing fishery system" in this region, the editorial urges Japan "not to waste its time over the Tokto issue," and "to weigh the importance of bilateral relations of amity and neighborhood before starting negotiations with the ROK."

ROK Daily on Prospects of ROK-Japan Summit Meeting in Bangkok

*SK2202022996 Seoul THE KOREA TIMES in English
22 Feb 96 p 2*

[Report by staff reporter Son Ki-yong: "Seoul-Tokyo Summit Meeting Emerges as Option for Mending Relations"]

[FBIS Transcribed Text] After averting a crisis in its relations with Japan over the declaration of the 200-mile exclusive economic zone (EEZ), Seoul is currently seeking ways to mend its strained friendship with Tokyo, which might include a summit meeting in Bangkok.

By mobilizing self-restraints, the two countries prevented the territorial issue from snowballing into a major diplomatic friction and instead left the thorny issue at the hands of working-level officials who are expected to engage in talks to set the EEZ boundaries.

Now, officials here are convinced that it is time to bring bilateral relations back to normal.

Regardless of what he has in mind, President Kim Yong-sam is scheduled to meet Japanese Prime Minister Ryutaro Hashimoto in the leaders' conference during the Asia-Europe Meeting (ASEM), slated for March 1-2 in the Thai capital.

Traditionally, the leaders from the two countries have held exclusive summits while participating in international events. But the lingering disputes on the sovereignty over Tokto, Korea's easternmost island dimmed the prospects for the bilateral meeting during ASEM sessions.

"An awkward situation will be created if the two leaders fail to meet exclusively in Thailand, because it is the first time that the two leaders will face each other," a Foreign Ministry official said. "Furthermore, the two leaders will be seated side by side according to ASEM summit protocols," he added.

However, he said that the government had not yet decided whether to push ahead with the summit, even

though Kim departs on his Asian tour Saturday, which will also bring him to India and Singapore.

The ministry appears to have started working-level preparations for the summit meeting, but the final decision is likely to be made by Chongwadae [presidential offices].

Apart from bilateral issues, the presidential office is expected to weigh what consequences the summit will bring on the forthcoming parliamentary elections, slated for April.

If the summit is assessed to bring unfavorable results to the ruling camp's campaign perspectives, as well as bilateral relations, Seoul officials are likely to shelve the summit plan.

In case the summit is canceled, the foreign ministers' meeting could be one option.

Seoul officials are also sensitive about setting the summit date. The two leaders are supposed to meet during ASEM sessions, but March 1 is one of the most memorable days in Korea's history, marking the Korean people's uprising against Japan's brutal colonial rule.

If the bilateral summit is agreed on, working-level officials from the two countries are expected to launch consultations to sort out agenda items.

To avoid confrontations among top leaders over the Tokto issue, Kim and Hashimoto are likely to be advised to circumvent the issue. However, it cannot be ruled out that one of the leaders might take up the issue in the summit as there is basically no limit in the scope of agenda items during summit meetings.

In case the summit takes place, officials here will also heed how the new prime minister, seen as a "conservative but rational" statesman, describes Japan's misdeeds during its 1910-45 occupation of Korea.

ROK: Police, Fisheries Officials To Step Up Tokto Sea Patrols

SK2202032396 Seoul THE KOREA TIMES in English 22 Feb 96 p 3

[FBIS Transcribed Text] South Korea has decided to step up sea patrols off Tokto, the nation's easternmost island, to protect adjacent fishing grounds and counter Japan's recent claim to the island with its decision to declare a 200-nautical-mile exclusive economic zone (EEZ).

Maritime police, jointly with the National Fisheries Administration (NFA), will crack down harder on Japanese fishing boats engaged in fishing operations in Korean territorial waters near the island.

Japan's projected EEZ overlaps with that of Korea off Tokto and in the adjacent area near Ullung-to, west of the islet, important fishing grounds for Korea's squid fishers.

A maritime police official said, "Korea will seize Japanese fishing boats engaged in fishing activities trespassing in our territorial waters."

Immediately after Japan decided to declare the EEZ Tuesday, Korea countered with its own decision to follow suit. The U.N.-sponsored treaty, called the Convention on the Law of the Sea, allows the proclaimer to exercise fishing and other rights in the zone.

At present, the maritime police have two patrol boats—a 150 ton one and a 300 ton one—on constant surveillance duty in areas of possible dispute, while a 150-ton boat is positioned to protect Korea's fishing boats.

The ROK Navy also maintains a constant presence with at least one combat ship near the area, rotating a 2,500-ton destroyer, a 1,500-ton Korean-made escort ship and 1,000 ton frigate, while another Naval vessel keeps a vigil on the northern maritime territorial limit line.

A Navy spokesman, however, said that the presence of Naval vessels in the area has nothing to do with the dispute between Korea and Japan, adding that they are on routine duty.

The NFA expects Korea's fishing industry to be hit hard when Japan's EEZ goes into effect unless Korea comes up with the proper counter measures.

Korea catches about 1.52 million tons of assorted fish worth about 67 billion won in seas off Japan including within Japan's special maritime zone.

ROK Comments on Japan EEZ Decision, Plans Reaction

SK1702052396 (Internet) The Chungang Ilbo WWW in English 17 Feb 96

[FBIS Transcribed Text] The South Korean Government believes Japan will declare [a] 200-nautical mile exclusive economic zone (EEZ) following a decision expected at a cabinet meeting on February 20, and has decided on the date for its own EEZ declaration and the degree of countermeasures.

A government official stated on the same day that "We believe Japan's Agricultural and Fisheries Minister Ohara Ichijo plans to declare the country's EEZ after a cabinet meeting to be held in the morning of February 20. If there are indications that Japan will include Tokto Island within its EEZ, we will come up with strong counter-measures."

Another official commented that "Seoul's policy will be to declare Korea's EEZ on the 21st after thoroughly analyzing the details of Japan's EEZ declaration."

ROK: Prospects of Fishing Talks Between ROK, Japan, PRC Viewed

*SK2102033196 Seoul THE KOREA TIMES in English
21 Feb 96 p 2*

[By staff reporter Son Ki-yong]

[FBIS Transcribed Text] Despite Japan's wish to reach an early settlement with Korea on lingering fishing disputes, Seoul officials said that the issue will not be resolved until an overall fishing framework involving China is established in this region.

The Japanese government, which has been under pressure by its fishing industry, took the initiative in declaring the exclusive economic zone (EEZ) and will propose fishing talks with Seoul and Beijing soon.

As the EEZ's declaration allows the coastal state to hold exclusive rights over natural resources within the zone, the three countries have paid keen attention to drawing maritime boundaries in the relatively narrow waters around Korea.

As an EEZ's declaration by any country will shortly trigger another to follow suit, China, which is still sidelined despite the already heated disputes between Seoul and Tokyo, is also expected to endorse the U.N. Convention on the Law of the Sea within this year and enter into dialogue with Seoul and Tokyo. "The nucleus of the EEZ's declaration is the fishing issue. Therefore, Korea, Japan and China will enter into negotiations to set up a new fishing order in this area," a Foreign Ministry official said.

He said that the overall fishing order in the waters around Korea should be settled through close negotiations with all the countries involved.

He added that Korea, Japan and China should work out a joint framework for the development of natural resources rather than an early conclusion of dialogue between Seoul and Tokyo.

"First of all, China will have to agree on the coastal state principle before the three countries enter into full-fledged negotiations," an official said.

If China agrees on the coastal state principle, Korea has no reason to hesitate in drawing a new fishing framework in its adjacent waters.

Seoul has sensitively reacted to Chinese vessels' violations in its fishing zone while Japan has been critical of Korean vessels' infringement of its fishing zone.

As the flag state has been in charge of regulating illegal fishing, Japan has sought to introduce the coastal state principle advocated through the EEZ's declaration.

"In principle, the three countries should agree on a joint rule regulating the waters around Korea even though negotiations should be held bilaterally," he said.

Therefore, any conclusion of the EEZ-related talks between Seoul and Tokyo should be preceded by an accord between Seoul and Beijing on the coastal state principle, they said.

Currently, Seoul puts priority on the protection of Korean fishermen who might be driven out of the lucrative fishing areas located between Korea and Japan.

Therefore, officials here believe that considerable time is needed for the phased pullouts of Korean fishing vessels in the area.

They also think that it is almost impossible to set quotas on a certain species because the species in this region are so diverse.

Therefore, it is likely that the countries involved might agree on seasonal, or regional restrictions, they said.

Seoul believes that it might take years to conclude the talks because lingering territorial disputes might erect a hurdle to the smooth conclusion of the talks.

"If the EEZ-related talks are concluded, the current fishing agreement between Korea and Japan will automatically lose effect," an official said.

The full-fledged dialogue between the two countries will start when Seoul and Tokyo promulgate the EEZ laws respectively, probably after Korea's April general elections.

"We are expected to enter into dialogue with Japan and China while preparing the EEZ law's enforcement decrees," he said.

Currently, there is a fishing agreement between Korea and Japan and between Japan and China in which the flag country is empowered to crack down on vessels engaging in illegal fishing. "As long as there is no fresh accord, the bilateral agreements will remain in effect," another official said.

The bilateral talks between Seoul and Tokyo will be accelerated in April when the result of a joint survey on natural resources is put forward.

However, Seoul officials said that they plan to minimize "any drastic changes" in the fishing order in the waters between the two countries.

Meanwhile, Seoul and Beijing are expected to hold bilateral dialogue around May to discuss the signing of a fishing agreement.

ROK: Announcement on EEZ To Alter ROK-Japan Fishing Industries

SK2202055096 Seoul *THE KOREA TIMES* in English
22 Feb 96 p 8

[Report by staff reporter Sim Chae-yun]

[FBIS Transcribed Text] The announcement for the declaration of the 200-nautical-mile exclusive economic zone (EEZ) by Korea and Japan will no doubt herald a fundamental change in the frame of the two nations' fishing industries.

The bilateral dispute regarding the EEZ is also likely to involve China. In a way, the nation will be coerced by Korea to join in negotiations for the revision of the existing fishery pact.

"The core element of the ongoing friction between Korea and Japan concerning Tokto island is the fisheries issues between the two nations," an official of the National Fisheries Administration (NFA) said.

Pressed by its fishing industry, Japan has sought to take the favorable position in the future negotiation with Korea by raising the issue of the Tokto islet, according to the official.

With the declaration of the EEZ, nations can exercise exclusive economic rights in waters within 200 miles in accordance with the U.N. Convention on the Law of the Sea. They include rights in the exploration of natural resources, setting up of artificial islets and structures, and taking steps for environmental protection.

The two neighboring nations signed a fishery agreement in 1965. They managed the sea between them by classifying it into two regions; exclusive fishing waters within a 12 mile zone and jointly controlling fishing zones—the overlapping areas—as a result of the potential declaration of the 200 mile EEZ.

Korea and Japan are expected to engage in a tough tug of war in efforts to come up with a new plan to meet the changing situation.

But it will take considerable time for the two sides to prepare the new fishery frame due to great differences of opinion between them, the NFA official said.

"So no drastic change is expected in the near future, and relevant Korean fishermen are not likely to suffer from big losses for the time being," he said.

The administration plans to take serious steps so as not to worsen the fishery relations between the two nations.

But it expects there will be some degree of losses on the side of the Korean fishermen as they will have to reduce their fishing grounds and a considerable number of fishing boats in the long term.

Should the two nations declare the EEZ, some parts of the East Sea are likely to be the overlapping regions in which Korean fishermen have engaged in catching squid.

The NFA official foresaw that Korea will have to yield some of half the cuttlefish fishing region to Japan depending on the results of the bilateral negotiation.

He also predicted that the nation will lose two pollack fishing regions and one mackerel pike fishing region located in the northern Sea of Japan within the country's 200 mile EEZ.

In the sea areas, 65,000 tons of pollack, 32,000 tons of mackerel pike and 13,000 tons of squid were caught last year, worth 67 billion won in total.

Despite possible loss in the future fishery negotiation with Japan, Korea is expected to secure lucrative fishing areas near Cheju-to Island for sea bream and swell fish. This will be realized through negotiations with China, according to a related official.

The official said Korea will be able to compensate possible losses in negotiations with Japan through talks with China. China has engaged in illegal fishing in the West Sea [Yellow Sea].

The numbers of cases in which Chinese fishermen were caught while engaging in illegal fishing in the West Sea amounts to 1,302 in 1993, 2,706 in 1994 and 7,437 cases in the first 11 months of last year.

Korea has repeatedly called on China for negotiations for a new fishery pact, which China has rebuffed. But if Korea declares the EEZ, China will have no choice but to follow suit, thus being involved in negotiations for new fishery talks.

The administration has implemented a series of policies designed to reorganize the fishing industries, by, for instance, decreasing the number of superannuated fishing boats and assisting related households and industries.

ROK: NFA Seeks Ways To Reduce Losses After Setup of EEZ Lines

SK2202072496 Seoul *THE KOREA HERALD*
in English 22 Feb 96 p 1

[FBIS Transcribed Text] With the decisions of South Korea and Japan to declare each country's exclusive economic zone (EEZ), the National Fisheries Administration (NFA) is mapping out a package of measures to

help Korean fishermen minimize possible losses which could be brought about by the moves.

Drawing the EEZ border line of the Seoul and Tokyo governments would have an immediate economic impact on the South Korean fishing industry, a NFA spokesman said yesterday.

Accordingly, the NFA is now checking out possible losses the Korean fishermen might suffer from the establishment of the EEZ border line and mulling over ways to help them avoid or reduce the losses, the spokesman said.

In case Korean fishermen are totally banned from engaging in fishing operations in Japanese and Chinese waters, the NFA will help fishermen seek other fishing grounds or convert their jobs into other kinds of fishery businesses, he said.

At the same time, the NFA is moving to reduce the total number of Korean fishing vessels, now standing at around 77,000, by about 10 percent during the period from 1996 to 2000 in a bid to strengthen the external competitiveness of the nation's fishing industry.

In a related development, the NFA is planning to extend a variety of financial supports to Korean fishermen who will quit their fishery businesses, said the spokesman.

Through business consultations with relevant government agencies, the NFA also projects to allow foreign crew to go aboard Korean ships doing offshore and in-shore fishery operations in an attempt to solve the serious shortage of skilled crew members.

Currently, foreign crew are permitted only to go aboard Korean ships engaging in deep-sea fishery operations.

The setup of the EEZ border line would not mean immediate losses of Korean fishermen as the existing fishery pact between South Korea and Japan will continue to be in effect until the end of 1996, he said.

However, the future outcome of the Seoul government's negotiations on new fisheries treaties with Tokyo and Beijing are likely to force Korean fishermen to reduce the scope of their fishing grounds and the number of fishing boats substantially, he said.

In keeping with the international trend under which some 95 countries have proclaimed the 200-nautical-mile zone off their coast, the Seoul government should establish the EEZ, while seeking a new and promising fishing order with Japan and China to avoid acute impacts on the current fishing system, said the spokesman.

In the meantime, some market watchers say that South Korea may suffer losses with its establishment of the

EEZ with Japan, but gain considerable profits with China.

By drawing the EEZ borderline between South Korea and China, the Seoul government could prevent Chinese fishing vessels from doing illegal fishery operations off the nation's western coast, he said.

ROK Spurns DPRK Proposal for Peace Negotiations With U.S.

*SK2202084896 Seoul YONHAP in English
0841 GMT 22 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP) — The South Korean Government spurned the renewed North Korean offer Thursday to negotiate a modus vivendi with the United States to prevent possible armed conflict on the Korean peninsula.

"There is nothing new in the North Korean offer which is merely a replacement for its persistent demand to conclude a peace treaty with the United States," said Kim Kyong-ung, spokesman for the National Unification Ministry.

Charging that the North's offer is not worth considering, the spokesman said that "its scheme is to earn Washington's guarantee of North Korea's present system by excluding South Korea and improving relations with the United States."

"There is no change in the South Korean Government's position on the peace treaty," Kim said and emphasized the three basic principles as agreed between South and North Korea.

Earlier in the day, North Korea's Foreign Ministry spokesman offered to negotiate a temporary agreement with Washington that would replace the Armistice Agreement until a peace treaty is signed.

ROK: 'Clash of National Interests' Could Hamper CFC in Wartime

*SK1802054696 Seoul THE KOREA TIMES in English
18 Feb 96 p 3*

[Article by staff reporter O Yong-chin: "CFC Untested Bulwark Defending Korea"]

[FBIS Transcribed Text] The ROK-U.S. Combined Forces Command (CFC), created in 1978, is an untested bulwark aimed at deterring a North Korean invasion.

A U.S. Army general is appointed to head the CFC that will have under its command 600,000 ROK troops, 37,000 U.S. soldiers and reinforcements to be dispatched from the U.S. mainland should war break out

here. A ROK four-star general is deputy commander-in-chief of this war headquarters.

The U.S. usually fills the CFC top post with a four-star general who has had previous tours of duty in Korea. The present CFC commander is Army Gen. Gary Luck, who had previously served here as commander of the 2nd Infantry Division. The general keeps a low profile and consults often with his Korean counterparts, according to Korean generals.

Many ROK military leaders consider this command the best setup under the present situation, giving high marks to what it has achieved.

"The creation of the CFC was proof that Korea and the U.S. jointly exercise military operational control of all forces stationed in the South," a ROK Army general said.

The military operational control of ROK forces had been exercised by the UN Command [UNC] commander-in-chief, a post automatically assumed by the commander of the U.S. Forces in Korea-Eighth U.S. Army commanding general. This system continued for more than 20 years until the creation of the CFC.

When the CFC came into being, the UNC was relegated to dealing with matters related to the Korean Armistice Agreement.

In the years following the creation of the CFC, changes have been made to correct the U.S. control over the decision-making process that often left Korean generals out of the loop.

A Korean general now holds the top post on the UNC Military Armistice Commission [UNCMAC]. Previously, U.S. generals or admirals were exclusively appointed to the position.

ROK Army Maj. Gen. Yi Sok-pok, the current UNCMAC senior member, said, "Part of my duties call for close consultations with the U.S. side." Yi is also the CFC deputy chief of staff.

One ROK Army officer assigned to the CFC said that all decisions are basically made through consultations between officers of the two countries. The organization is formed where a Korean officer is put in a CFC section headed by an American officer and vice versa.

"It should be understood that the CFC deputy commander-in-chief, now ROK Army Gen. Chang Song, represents Korea's interests in key decisions, and is not a subordinate at the beck and call of CFC chief U.S. Gen. Gary Luck," he said.

To make Korea and the U.S. equal partners in the CFC format, the two countries have created the Military

Committee Meeting, co-chaired by their joint chiefs of staff chairmen, and put it over the CFC. The MCM is convened prior to the annual Security Consultative Meeting.

Also bolstering Korea's say was the transfer of the peacetime control of ROK forces to Korea in 1994. This change significantly helped boost the pride of the ROK Armed Forces that had previously been put under the direct control of U.S. commanders.

Despite these efforts, there exist doubts on the effectiveness of this command should a war break out.

A Defense Ministry official, who studied the CFC organization, pointed out a possible clash of national interests between the two countries.

"The U.S. wants security, while Korea wants reunification in addition to that," he said. "That could mean that when Korea sees signs of war, the U.S. might not."

"That fine discrepancy might be amplified in a war," he said. "I believe that Korea should have a bigger say in CFC decisions."

As to its format, he pointed out that the C-5 planning and C-3 operations sections of the CFC are controlled by the U.S. as evidence of the organization still being dominated by the U.S. side.

ROK: U.S. IIPA Urges USTR To Keep ROK on Priority Watch List

*SK2202112796 Seoul THE KOREA HERALD
in English 22 Feb 96 p 8*

[FBIS Transcribed Text] American intellectual property rights [IPR] groups, including the International Intellectual Property Alliance (IIPA), are urging the United States Trade Representative (USTR) to keep Korea on the priority watch list.

According to the Korea Trade-Investment Promotion Agency (KOTRA)'s Washington Trade Center, IIPA demanded that five countries—Korea, Brazil, Greece, India and Saudi Arabia—remain on the priority watch list. It said the United States' losses from copyright violations in 29 countries totaled about \$6 billion last year.

It said that Korea has been successful in cracking down on pirate recordings and videos but claimed that the Korean law does not reflect well the intellectual property accord of the World Trade Organization (WTO).

IIPA also alleged that the protection of copyrights of computer software in Korea was inadequate. It said the loss from property rights violations in Korea last year totaled \$220 million. This figure includes \$100

million from commercial softwares, \$73 million from game softwares, \$25 million from books, \$17 million from films and \$6 million from recordings [figures as published].

Meanwhile, the Textile Producers and Suppliers Association (TPSA)'s report put Korea on the list of garment copying countries, while the International Anti-Counterfeiting Coalition (IACC) charged that Korea imposed retroactive tariffs on U.S.-made software.

ROK: Fifth Round of SOFA Talks Begins 22 Feb at Foreign Ministry

SK2202122096 (Internet) The Chungang Ilbo WWW in English 22 Feb 96

[FBIS Transcribed Text] South Korea and the United States will hold the 5th round of working-level talks on the revision of the Status of Forces Agreement (SOFA) on Thursday February 22 at South Korea's Foreign Ministry. The two nations plan to begin drafting documents on the items already agreed upon such as allowing the Korean government to take custody of American servicemen accused of crimes at the time of indictment.

The two nations also plan to discuss the revision of a clause which mandates Seoul must hand over American servicemen already in its custody to the United States upon request (Article 22, Clause 5) as well as another which specifies an American defendant's statements made without the presence of a representative of the American government not to be used as proof of guilt (Article 22, Clause 9).

ROK: DPRK Said To Attend Tournament To Qualify for Olympics

SK2102083196 Seoul YONHAP in English 0810 GMT 21 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 21 (YONHAP) — North Korea is almost sure to participate in the third qualifying boxing tournament in Asia for the Atlanta Olympics which will be held Feb. 25 through March 3 in Bangkok, the (South) Korea Amateur Boxing Federation (KABF) disclosed Wednesday.

A KABF official said that his federation has confirmed with the Bangkok-based boxing competition organizing committee that North Korea submitted its entries for nine weight classes ranging from light fly weight to middle weight. He added that the committee had refused to confirm North Korean entrants.

Should the North's projected entry actually take place, it will be the first tangible step the North has made in its attempt to qualify for the Olympics, since Pyongyang

officially declared its intention last month to participate in the Atlanta games scheduled for Jul. 19-Aug. 4. The last international sporting event the North participated in was the Winter Asian Games in 1993.

ROK Official Says Kim Chong-il Ex-Wife Not To Defect to ROK

SK2202001896 Seoul YONHAP in English 0003 GMT 22 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP) — The former wife of North Korea's de facto leader Kim Chong-il, Song Hye-rim, and her party, who have been staying in a European country after an escape from a Moscow apartment late in January, are expected to seek asylum in the United States or a Western European country instead of South Korea, a government official said Wednesday.

"We've been maintaining indirect contact with the Song family. At present, it is certain that they will not come to South Korea," the official said.

Fully respecting their free intentions, the government will actively assist them in their search for asylum in a third country, the official added.

The government is poised to make arrangements for their asylum in a third country by closely cooperating with the government of the European country where the Song family are now staying.

Song's party comprises her elder sister Hye-rang, 61, her niece Yi Nam-ok, 30, and an aide.

ROK: Eldest Son of Reverend Mun Attempts To Smuggle DPRK Items

SK2202084296 Seoul YONHAP in English 0837 GMT 22 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP) — The eldest son of the late Rev. Mun Ik-hwan attempted to smuggle here items given to his mother Pak Yong-kil by North Korean leader Kim Chong-il during her unauthorized trip to the North last summer, it was reported Thursday.

Customs agents at Kimpo International Airport on Tuesday [20 February] seized about 200 items from North Korea that Mun Ho-keun, 51, was carrying in his luggage. Such articles included various medicines, North Korean propaganda literature and other items that Pak had received as gifts from Kim during her illegal excursion, according to customs authorities.

Pak, 77, was sentenced in November to two years in prison with a three-year stay of execution for violating the National Security Law.

A gold ring, wild ginseng, medicinal bear's gall bladder, a blanket, and pottery were some of the other items seized.

Pak's son reportedly said that since he was unable to bring the items through Panmunjom, he stored them with customs agents in Japan. They asked him later, however, to claim his baggage, so on Feb. 12, he flew to Japan to do so.

"Because it appears that neither Mun nor Pak sought to assist North Korea with such items, they will not be subject to prosecution under the National Security Law or other laws," officials said.

**ROK Dailies Comment on Recent Incidents,
Situation in DPRK**

SK1802114496

[FBIS Report] On 16 February several of the major ROK vernacular dailies published editorials on recent developments regarding the North Korean situation, including the defection of North Korean diplomats to the ROK, Kim Chong-il's former wife seeking asylum in the West, and the North Korean soldier seeking political asylum after intruding into the Russian trade mission in Pyongyang.

The moderate TONG-A ILBO publishes on page 3 a 1,000-word editorial entitled "Coping With Crisis in North Korea." Noting that "the North Korean Kim Chong-il system is seriously wavering," the editorial writes that a series of North Korean defections, including that of Kim Chong-il's former wife, clearly shows "the deepening crisis in the Kim Chong-il system," giving "a serious blow" to Kim Chong-il's ruling ability in the wake of his inauguration as president and as general secretary of the Workers Party. The editorial points out that the crisis is "the outcome of the poor state management ability of the North Korean regime and of corruption in the absolute power holders," and that the Kim Chong-il system is composed of "an unreasonable and unpredictable group" that may commit any act at any time, including armed provocations and terrorism, in an attempt to turn the present situation to its favor.

Describing the unstable situation in the North Korean system as a factor causing overall uneasiness in Northeast Asia, the editorial expresses concern about the possibility of North Korea committing terrorist acts against ROK diplomats, businessmen serving overseas, and the ever-increasing number of tourists. The editorial calls on the government to map out careful and expeditious countermeasures to cope with "large-scale defections by North Koreans inside and outside the Korean peninsula" by revising the current law which is designed to protect only a small number of individual defectors.

The moderate CHUNGANG ILBO carries on page 6 a 900-word editorial under the headline, "The Gun Report in Pyongyang." Expressing shock over "the report involving a gun that came out of Pyongyang on 14 February," the editorial notes that the incident involving a North Korean soldier seeking political asylum after intruding into a Russian mission in Pyongyang, following the defection of North Korean diplomats and Kim Chong-il's former wife, shows that "even the core of the North Korean system has begun to lose its control power" and that "the forces supporting the North Korean system have a pessimistic view of their future." Calling on the people to pay keen attention to the North Korean situation's "impact" on the stability of the Korean peninsula, the editorial points out "the possibility of provocations" by the North Korean leadership "out of despair over the recent, successive shocking incidents." The editorial stresses that, in a bid to cope with an unpredictable situation developing in the future, a pan-government organization should be formed to handle the protection of North Korean defectors; to accurately assess the realities in the North; and to intensify the alert posture to cope with an unexpected abrupt situation.

The moderate HANGUK ILBO publishes on page 3 a 1,100-word editorial entitled "Signal of a Gun Report From Pyongyang." Noting that the recent incidents reflect the precariousness of the North Korean system, the editorial observes the incidents were caused by "an unstable political situation after Kim Il-song's death; hardship in the people's daily lives caused by economic bankruptcy and food shortages; the people's resistance to a suffocating dictatorship by the Kim Il-song-Kim Chong-il hereditary system; and weakened control by the party and military." The editorial goes on to say that "although the incident of an armed soldier seeking political asylum failed, its significance is indeed great," and that although the North Korean system may not collapse immediately, North Korea is like "a balloon which began leaking air." Supporting the government for recently holding a conference on coordinating policy among relevant government offices for security and unification issues, the editorial urges the government and people to work out "careful and prudent plans" to cope with an abrupt unexpected situation which may break out any time.

The conservative CHOSON ILBO carries on page 3 a 1,000-word editorial under the headline, "The Gun Report Resounded in the Heart of North Korea." Pointing to the incident of a North Korean soldier seeking political asylum in a foreign mission in the heart of Pyongyang, where major organizations, including Kim Chong-il's office and quarters, are concentrated, the editorial writes that "a hole began opening in the heart of

the North Korean system, which seemed an impregnable stronghold." It noted that "even the inside of the military is different from how it outwardly appears." The editorial notes that although the recent situation does not necessarily mean an immediate collapse of the North Korean system, just like the past Ceausescu regime in Romania, the North Korean system is now clearly in "an abnormal status," and "similar incidents will possibly occur frequently and broadly in the future." The editorial urges the government "to map out all-out measures to expeditiously and flexibly cope with all contingencies." It stresses that "wisdom is necessary to turn this situation into an occasion for peaceful reunification, while minimizing the damage inflicted on us by such abrupt incidents."

The left-leaning HANGYORE SINMUN publishes on page 3 a 1,200-word editorial entitled "We Should Coolly Look at North Korea's 'Abnormal Indicators.'" The editorial notes that with the recent incidents breaking out within the North Korean society, people came to sense an "abnormal trend" and "the possibility of North Korea's basic rule becoming slacker." However, the editorial stresses, "we should not hastily magnify the assessment of the recent North Korean situation." In view of "North Korea's special situation, in which the people have been accustomed to their ruling system for a long time," a hasty interpretation may mistakenly show "a wrong direction." The editorial calls on people "to coolly and calmly analyze the situation" and "not to irritate the other side or hurt its pride," because it would have "a bad influence in resolving North-South relations." The editorial also urges the government to formulate "North Korean policy based on a reasonable judgment by systematically exchanging information among relevant offices." Hailing the government's announcement on suspending this year's Team Spirit exercise as "a good attitude," the editorial stresses the government's "sagacious dealing with the defection of Mrs. Song Hye-rim." The editorial concludes by pointing out that the ROK's relations with North Korea are "special relations" in which North Korea's political and economic difficulties will finally come back to burden the South.

ROK: More on News Conference by DPRK Defectors From Zambia

SK1402040596 Seoul THE KOREA TIMES in English 14 Feb 96 p 2

[FBIS Transcribed Text] "I could not endure the humiliation at the embassy in Zaire any more. The embassy replicated in miniature the structure of the North Korean state," Choe Su-pong, wife of a former North Korean

embassy staffer, said in a press conference in Seoul, yesterday.

Ms. Choe and her husband, Hyon Song-il, defected to the South last month from the North Korean embassy in Zaire.

"I was sick and tired of the tyranny and insults of Amb. Kim Ung- s...g." Choe said, describing her detestable life at the embassy. "Kim kept threatening to send me back to North to be punished."

She decided to flee from the embassy after being beaten by the ambassador for "her failure to clean up spilt water at the office."

"The ambassador threatened to report my disobedience to Pyongyang, finding fault with the spilt water at his office, and then he started to punch me in the face," Choe said sobbing at the meeting with the press.

The woman, a graduate of the elite Kim Il-song University, told her husband about the intolerable treatment by the ambassador and confided her will to seek asylum, saying that her political career was already doomed.

She escaped from the embassy on Jan. 8.

After his wife's defection, Hyon was, in turn, grilled by North Korean espionage agents, and asked "if he could fetch her back," or "execute her in case he failed on this mission."

Hyon realized his fate as the husband of a traitor, when the agents handed him a gun ordering him to kill his wife.

He made up his mind to follow his wife and attempted to escape twice only in vain.

Under the close watch of the North Korean agents, Hyon went on to hold a press conference in Zambia to claim that his wife's defection was the work of the South Korean government in a bid to reassure them he was ideologically safe.

After he was given an urgent message from Pyongyang to return home on Jan. 20, he made use of his last chance to flee.

ROK Defy: Defections 'Raise Doubt' About DPRK's Stability

SK1802043696 Seoul THE KOREA HERALD in English 18 Feb 96 p 2

[Article by staff reporter Pae Un-chu: "Series of Defections Raise Doubt Over N.K.'s Stability"]

[FBIS Transcribed Text] A recent influx of North Korean defectors into South Korea raises doubt over the stability of the Communist regime.

The recent defection of three North Korean Embassy staffers assigned in an African country may reflect the desire of not only destitute North Koreans but also relatively affluent ones to flee from economic hardships in the North.

Among the three defectors, Hyon Song-il, a former secretary of the North Korean Embassy in Zambia, said that his monthly salary had been cut to \$50 from \$950 since August 1994.

He said that many North Koreans are dissatisfied with North Korea's de facto leader Kim Chong-il's economic policy when Hyon and two others held a press conference after their arrival to the capitalist South Korea.

"As North Korea's economic conditions started to plunge five or six years ago, the number of North Korean defectors has been sharply increasing," a North Korea expert said.

Prof. Yi Sang-u at Sogang University said that more and more North Koreans are losing hope for their future in the reclusive Stalinist state.

"Many North Koreans believe that they will lead a better life in the South," he said.

The defection of Song Hye-rim, former wife of North Korea's Kim Chong-il, is expected to prompt a growing number of North Koreans to defect, Yi said.

The NEW YORK TIMES commented on Song's defection: "The defection of the leader's former wife, Song Hye-rim, would be a blow to North Korea... The government's inability to maintain the loyalty even to its leader's former wife would be a humiliation," it said.

Last week, an armed North Korean state security guard forced his way into the Russian Embassy compound in Pyongyang to demand political asylum.

He killed three other North Korean guards while bursting into the embassy compound. But he reportedly shot himself to death in the face of his arrest by North Korean troopers.

An official at the Ministry of National Unification said that this was the first reported gunfight in Pyongyang during the last 50 years.

This incident was astounding because a North Korean state security guard, selected among those whose loyalty to the North Korean leadership is proven, killed his comrades to seek asylum, he said.

He also said that an increasing number of ranking North Korean officials are seeking refuge in South Korea.

"A recent series of defections of North Korean VIPs draws great attention from South Koreans as well as from the world," he said.

He said that the yearning for a life in the South is widespread to the upper-middle class in North Korea.

"In the past, a considerable number of North Korean defectors were hungry laborers or loggers," he said. "But nowadays, many North Korean diplomats or businessmen are defecting to Seoul."

The official said that discontent with the North Korean regime was a major reason for their flight to South Korea.

Many North Koreans know that life in Seoul offers unparalleled greater prosperity than in Pyongyang, he said.

Pak Yong-kyu of the Research Institute for National Unification said that the increasing presence of foreign culture into the reclusive Communist state is leading its people to compare themselves to those living in the outside world.

"Although still limited, North Korea is inviting a number of foreign corporations to invest in its Naja-Sonbong free economic trade zone," he said.

"Their visit is giving residents in the reclusive Communist country a cultural shock and a feeling of deprivation," he said.

According to a recent survey of North Korean defectors by the Ministry of National Unification, dissatisfaction with the government is the leading motive behind their flight from the Communist state.

Mistreatment, including human rights violations, came in the second place, followed by persecution because of family origin, the poll said.

ROK: Rescued DPRK Boat Said Carrying Public Security Men

SK2102142996 Seoul KBS-1 Television Network
in Korean 1200 GMT 21 Feb 96

[FBIS Translated Text] A small North Korean ship drifting on the sea near Japan was rescued by a Japanese patrol boat on 20 February. Four men aboard the ship were almost unconscious. Initial reports said they were fishermen who were engaged in catching walleye pollacks, but they were operatives of the North Korean Public Security Ministry, a local Japanese police official said.

Correspondent Yu Sung-chae reports from Tsuruga, Japan:

[Begin recording] [Yu] This is the Tsuruga port in the Fukui Prefecture, Japan, where the Kim Man-chol family came to seek political asylum looking for a warm land in the South nine years ago, in 1987.

The North Korean seamen rescued by the Japanese Marine Safety Office patrol boat were not fishermen engaged in catching walleye pollacks but operatives of the Public Security Ministry, a source of the police authorities in Tsuruga said today.

The source said that in view of the fact that they all destroyed their identity cards and set sail with food to last a month, although they were supposed to be engaged in an operation near the coast, it is possible that they intended to defect.

Meanwhile, the Marine Safety Office in Tsuruga has not confirmed whether they departed from North Korea to defect or not.

[Yamada, chief of a section of the Marine Safety Office, identified by caption] They say the engine of the boat stopped, but it is not clear why.

[Yu] The four rescued seamen were Pak Song-il, 38, captain of the ship; and crew members Choe Haeng-mo, 45; Kim Yong-il, 22; and Chin Tong-un, 20, and they are now receiving medical treatment at the Tsuruga Municipal Hospital.

They set sail from the Najin port on 31 December last year, and because they had trouble with the ship's engine on 2 January, the ship drifted for 49 days until yesterday. [end recording]

ROK: DPRK Orders Home Envoys From Ranking Families

*SK2202025496 Seoul KBS-1 Radio Network
in Korean 0000 GMT 21 Feb 96*

[FBIS Translated Text] Recently North Korea reportedly issued a summons for high-ranking officials' children who are serving overseas.

A high-ranking government official said the government has received the intelligence that North Korea recently issued to its overseas missions instructions to summon home those stationed abroad who are children of high-ranking officials. North Korea's instructions to summon the children of high-ranking officials reportedly includes diplomats whose parents are high-ranking persons and those who have been overseas for a long time.

This measure by North Korea is believed to have been prompted by the fact that Hyon Song-il, the third secretary at the North Korean Embassy in Zambia; Choe Su-pong, his wife; and Cha Song-kun, a North Korean

agent, all of whom defected to the ROK last month, are family members of high-ranking North Korean officials.

ROK Government Aid to DPRK Defectors To Focus on Job Training

*SK2102031496 Seoul THE KOREA TIMES in English
21 Feb 96 p 3*

[FBIS Transcribed Text] North Korean defectors are expected to learn "how to catch their own fish" in the capitalist South from now on, rather than to take the fish given them by the government or their southern brethren.

So far, North Korean defectors have been given much money in state subsidies when they have arrived in the South, but a considerable number of them have reportedly failed to fall on their feet, mainly because of their lack of understanding of the capitalist South.

As a consequence, the government will place priority on reinforcing and streamlining vocational and social adaptation training for the defectors, shifting from the current "subsidies-oriented policy."

The envisioned shift in the governmental education program for North Korean defectors is included in the outline of a package of measures the government is working out in preparation for a massive increase in North Koreans' escaping into the South, according to the Health-Welfare Ministry.

The education will focus on teaching them more about "self-control and competition," the backbone of capitalism and capitalist societies, ministry officials explained.

The individual capabilities and aptitudes of the defectors from the communist North will also be taken into consideration in the vocational training they are given and the job arrangements made for them, ministry officials said.

State subsidies to allow a basic level of existence will be given to them on a periodic basis, taking into consideration their level of adaptation to southern life. Long-term loans are expected for defectors to help them make money.

The government is also considering increasing its support for a private foundation for North Korean defectors to make it possible for the support group to help provide better counselling services and undertake more projects.

The government's plan to modify its defector training programs comes as a considerable number of North Korean defectors reportedly experience much trouble in their new lives in the South.

Kim Hyong-tok, 22, who was caught in the southeastern port of Ulsan on board a Chinese freighter on Feb. 4, is suspected of having attempted to go back to the North, according to the Agency for National Security Planning.

Kim, who defected to the South in September 1994, was arrested on Feb. 10 on charges of violating the National Security Law. At the time of being caught, he was holding 14,700 dollars.

In a similar development, Kang Myong-to, 38, son-in-law of North Korean Prime Minister Kang Song-san, was booked without physical detention on charges of violating the Foreign Currency Control Law. Kang's driver was carrying 32,000 U.S. dollars when he was caught at Kimpo International Airport in December in an attempt to leave the country. He alleged that the money was Kang's.

ROK: FAO-WFP: DPRK Faces Food Shortage of 1.91 Million Tons

*SK2202112196 Seoul YONHAP in English
1116 GMT 22 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 22 (YONHAP) — North Korea faces a food shortage of 1,910,000 tons this year, the newspaper ASAHI SHIMBUN here reported Thursday quoting a joint report prepared by the Food and Agriculture Organization (FAO) and World Food Program (WFP).

The report was based on the two UN specialized agencies' field surveys last December of food difficulties and the extent of flood damage in North Korea.

It said North Korea's agriculture is beset with structural problems resulting from their unique farming method called "chuche agriculture."

The fertility of farmlands in the North is waning fast due to the raising of same crops on same fields year after year as well as to dense planting of crops.

The joint report said North Korea needs 5,990,000 tons of grains a year and has to fill up the 1,910,000-ton shortage with imports and foreign assistance.

It went on to say that the North Korean food stockpile known to have totaled about 4 million tons in the early 1990s had been almost used up by 1995.

Some 2.1 million children and 450,000 expecting women are in a dangerous condition in terms of nutrition, the report said.

It also said arable lands of North Korea extend about 2 million hectares, one sixth of its total area. Of the total, only 1,430,000 hectares are fit for the cultivation of crops, it added.

ROK: DPRK Breaks Tradition by Not Mentioning Economic Successes

*SK2102234196 Seoul YONHAP in English
0746 GMT 21 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 21 (YONHAP) — North Korea broke with tradition by failing to mention its economic accomplishments during the 54th birthday celebration of its de facto leader Kim Chong-il, the [ROK's] National Unification Ministry reported Wednesday.

In the latest issue of the ministry's "North Korean Trends Weekly," it noted, "North Korea was unable to boast of Kim's economic achievements in major state projects, reflecting the grave economic situation facing the communist country."

Until this year, North Korea had used the occasion of the respective birthdays of Kim Chong-il and his late father Kim Il-song to honor their accomplishments in public works ventures, with 59 such projects commended in 1992, 13 in 1993, 17 in 1994, and 11 last year.

The ministry believes that the ever-worsening economic situation in the North, including the depletion of the nation's public funds, caused Pyongyang to refrain from referring to its financial state.

ROK To Simplify Procedures, Paperwork for LWR Project

*SK2102063696 Seoul HANGUK ILBO in Korean
21 Feb 96 p 2*

[Report by Kim Pyong-chan]

[FBIS Translated Text] The government has designated the project of providing light-water reactors [LWR] to North Korea, which will be actively promoted beginning this year, as a South-North economic cooperation project under the "joint national development program." To this aim, the government will seek ways to simplify the procedures for receiving the government's approval for the cooperation project, as well as the procedures for transporting necessary materials and manpower.

To this end, the government will promote the enactment of "special regulations for the LWR project under the South-North Exchange and Cooperation Law" and include the special regulations in existing laws and regulations, such as the law on inter-Korean exchanges and cooperation.

A government official said on 20 February: "Regarding the LWR project as part of the joint national development program, the government has designated it as a South-North economic cooperation project and is now

seeking ways to smoothly support the project." The official also said: "To this end, the government has held discussions with pertinent government agencies, including the Ministry of National Unification, and with the Korea Electric Power Corporation, a major contractor, on the legislation of the special regulations, which has almost been finalized."

He continued to say: "The special regulations focus on simplifying the paperwork and procedures needed in receiving the permission to conduct South-North economic cooperation activities and the approval for the specific joint project, as well as simplifying those needed in sending necessary materials and manpower to North Korea, so as to minimize the burden of the enterprises to be involved in the LWR project."

ROK: Ex-Allies Greet Kim Chong-il Birthday With 'Cold Shoulder'

SK1702060696 Seoul THE KOREA HERALD in English 17 Feb 96 p 6

[Editorial: "Kim Chong-il's Birthday Ado"]

[FBIS Transcribed Text] The great ado in North Korea over the birthday celebration yesterday of its leader Kim Chong-il stands in contrast to the muzzled outcries of its population for the bare necessities of life and minimum degree of human dignity. The world saw in the birthday hullabaloo in Pyongyang a testimony to the absurdity and anachronism of the particular type of rule practiced in the northern part of the Korean Peninsula.

The North Korean leader and his followers had tried to turn Kim's birthday into the heyday of the enduring dynasty of the Kim clan. However, they found in the much-touted birthday celebration an inevitable eclipse of anachronistic legacy despite grandiose self-appointed title role play. The orchestrated-applause must have been rather faint, a far cry from the purport of the organized fanfare.

A few North Korean delegations reportedly made a round of visits to world capitals earlier this year for the purpose of soliciting "commemorative missions" on the occasion of Kim's birthday. But the hard sell did not appear to have paid off. Few former allies in Eastern Europe sent delegations. The republics of the former Soviet Union also gave the cold shoulder by not sending any official missions. Even Beijing, North Korea's last remaining ally, was not quite pleased with the personality cult of the Kim clan. Only the governments and socialist parties of some minor nonaligned countries were reportedly at the anniversary events.

What is more, the whole birthday celebration was grossly spoiled by the persistent reports trickling out

of a Western capital that the former mistress of Kim Chong-il, who sneaked away from her Moscow abode with her relatives, is now hiding in a European country and has clearly expressed her intention to seek asylum in South Korea.

In addition, only a few days ago, right in the heart of Pyongyang, a gun-wielding youth burst into the Russian Embassy compound to demand political asylum, after killing three Korean guards. He has been reported to have committed suicide after holding out in the Russian compound.

All these daring acts stand out as a major exploit by our hard-pressed compatriots in the Communist-ruled territory to regain freedom from oppression. The latest episodes are eloquent proof of the fallacy and failure of the Communist utopia Kim and his cronies promised the innocent and helpless North Korean populace and all naive sympathizers abroad.

Disillusionment with persistent regimentation and unbearable poverty have driven hundreds to the free and affluent South. Their plight and desperation are nothing new to us. Even so, we find ourselves dumbfounded every time we hear testimonies about the bizarre occurrences that are actually going on in that tightly closed society.

The reign of terror and violence is a sign of the fragile integration and cohesiveness of the North Korean society. In desperation, Kim is holding fast to his perverted regime of communism that deprives its people of both bread and freedom. He might do well to open up the North Korean society even a little and make life there less unbearable, rather than squandering a huge sum of money on his own birthday celebration.

ROK JCS: Russian Patrol Aircraft Enters ROK Air Defense Zone

SK2202070496 Seoul THE KOREA TIMES in English 22 Feb 96 p 3

[FBIS Transcribed Text] Two Russian intermediate patrol IL-38 aircraft entered Korea's air defense identification zone [KADIZ] and stayed there for five hours Friday, the ROK Joint Chiefs of Staff [JCS] said yesterday.

In a briefing, the JCS said that a number of Korean fighters scrambled immediately and followed the Russian patrol aircraft until they exited the special zone.

It said the Russian aircraft entered the zone about 90 kilometers northeast of the easternmost islet of Tokto, the focus of a dispute between Korea and Japan.

The KADIZ is not necessarily Korean airspace but it is the policy of the ROK Air Force to keep close tabs on foreign aircraft which enter it for identification purposes.

ROK: Pusan Maritime Police Arrest 51

Korean-Chinese Stowaways

SK1702040896 Seoul *THE KOREA TIMES* in English
17 Feb 96 p 3

[FBIS Transcribed Text] PUSAN — The Pusan Maritime Police caught 51 Korean-Chinese, who were trying to enter Korea illegally, early yesterday morning at a pier in Taegyo-tong, Yongdo-ku and were searching for 31 others who fled.

The ethnic Koreans were attempting to smuggle themselves into this southern port city on board a 24-ton Korean fishing boat.

The maritime police launched the operation to apprehend them jointly with the Pusan branch of the Agency for National Security Planning, the nation's top intelligence agency.

The police arrested 47 at the pier and four at the Pusan Railway Station later.

The ethnic Koreans left a Chinese port on board an unidentified boat Monday and were then transferred to a Korean fishing boat, Toksong-ho skippered by Kim Chong-chan, 34, of Pusan, at about 11 a.m. Wednesday [0200 GMT 14 February], a police spokesman said.

They arrived in the sea near Yong-to Island off Pusan at 11 p.m. Thursday [1400 GMT 15 February] and attempted to enter the city through the pier at 2 a.m. yesterday [1700 GMT 16 February], he said.

The Korean-Chinese stowaways said that they each gave 40,000 to 50,000 yuan (4 to 5 million won) to a Korean-Chinese broker in his 30s.

Police found there was a broker operating in Pusan, identified as Hwang Chi-sun, 54, and were expanding their investigation, on the premise that there may be a professional ring which arranges to smuggle Korean-Chinese into Korea.

ROK Moves To Strengthen Ties With Middle East Nations

SK2202050296 Seoul *THE KOREA HERALD*
in English 22 Feb 96 p 2

[Report by staff reporter Kim Kyong-ho]

[FBIS Transcribed Text] South Korea has recently been trying to raise its profile in the Middle East where the peace process between Israel and its Arab neighbors is entering a new stage.

Apparently the move has mainly economic motives but it also reflects Seoul's desire to become a more active player on major international stages.

By joining international efforts to consolidate peace in the region, South Korean officials hope to demonstrate to Middle East countries that South Korea can become more than a mere building contractor and an oil importer.

Construction and oil have accounted for most of South Korean relations with the Middle East in the past. The region has been the largest market for South Korean builders and a supplier of nearly 80 percent of South Korea's oil imports.

South Korean construction firms have so far contracted over \$90 billion worth of projects from Middle East countries, which have helped South Korea achieve its economic success.

Expanding a relationship characterized just by economic deals, South Korea is now committing itself to contributing to the consolidation of peace in the Middle East.

Such commitments have been made mainly with regard to international support for the establishment of Palestinian self-rule in the Gaza Strip and West Bank.

Foreign Minister Kong No-myong attended an international conference of donor nations to the Palestinian region held in Paris early last month.

During the conference, Kong announced Seoul's plan for an additional \$3 million grant to the Palestinian self-rule government.

In April last year, Seoul pledged to give \$10 million in soft loans and \$2 million in grants to support the Palestinian Authority.

South Korea was one of 47 donor nations and international organizations which discussed implementing core projects worth \$552 million in Palestinian self-rule areas at the Paris conference.

Palestinian leader Yasir 'Arafat expressed gratitude for Seoul's contributions when he met with Kong during the conference. Until then, they had been strangers.

Kong and 'Arafat met again during the memorial service for the late French President Francois Mitterrand.

'Arafat asked for further aid from South Korea when he met with the head of a Seoul-based charity group in Gaza late last month.

Yi Yun-ku, executive director of World Vision Korea, was quoted as saying 'Arafat also hoped Seoul would make an early implementation of aid it has promised to offer.

At a meeting in Cairo last November, South Korea was allowed to join a bank to finance rehabilitation projects in the Middle East as a founding member.

It will contribute some \$15 million, or 1.25 percent of the total paid-in capital, to the Bank for Economic Cooperation and Development in the Middle East and North Africa.

Seoul also sent a four-member delegation to join international monitoring of the Jan. 20 Palestinian self-rule elections.

South Korea is also contributing to Middle East peace in response to requests from the United States and other Western countries, which it has been asking to participate more actively in an international consortium responsible for a project to build light-water reactors in North Korea.

But more practical reasons are behind South Korea's participation in international efforts for peace consolidation in the Middle East.

As it relies on Middle East countries for most of its crude oil imports, South Korea needs to cultivate friendly ties with them.

South Korea also expects to secure a foothold for participating in future rehabilitation projects in the region, especially in Lebanon and the Palestinian areas.

Prof. Yu Chong-yol at Hankuk University of Foreign Studies, who had earlier headed the South Korean election monitoring team in the Palestinian areas, said South Korea needs to provide for assistance at the initial stage when the Palestinians are the most in need.

"An investment of \$1 million now will be worth \$1 billion in the future," Yu said.

But economic reasons cannot wholly account for Seoul's activeness in making contributions to the Middle East, South Korean officials say.

An official at the Foreign Ministry said South Korea cannot but take growing interests in disputed areas of the world as a nonpermanent member of the U.N. Security Council.

Seoul's increasing support for Palestinians are inviting speculations on improvement of relations between Seoul and the Palestinian self-rule government.

South Korean officials have said it is difficult for Seoul to set up diplomatic ties with the Palestinian Authority before it is recognized as a full independent state by a majority of countries in the world.

Such recognitions are likely to follow the conclusion of an Israeli-Palestinian agreement on the permanent status

of the Palestinian Authority, on which the two sides are scheduled to start talks in May.

A Foreign Ministry official, however, said Seoul may open a trade mission in the Palestinian territory before they establish formal diplomatic ties.

Prof. Yu suggested that the state-run Korea Trade-Investment Promotion Agency set up an office in the Palestinian self-rule areas.

South Korea set up diplomatic relations with Egypt last April and Cyprus last December.

Syria remains the only country in the Middle East that has no diplomatic ties with South Korea.

Seoul officials say the two sides have already agreed on the need to establish formal ties on working-level contacts and what remains is a political decision by the Syrian leadership.

ROK Science-Technology Facts With Major Countries Noted

*SK2102074096 Seoul YONHAP in English
0532 GMT 21 Feb 96*

[*"111 Science-Related Cooperation Accords Signed With 28 Countries"* — YONHAP headline]

[FBIS Transcribed Text] Seoul, Feb. 21 (YONHAP) — South Korea has concluded a total of 111 science and technology-related cooperation agreements with 28 countries.

According to the Science and Technology Ministry Wednesday, the nation has concluded 47 economic and science-technology, 37 science- technology, 16 trade and science-technology, and 11 atomic energy cooperation accords.

Seoul has signed 37 such accords each with Europe and the Middle East, 24 with American and 23 with Asian countries.

The major foreign partners are the United States, Japan, Germany, Britain, Russia, China and France.

With the United States, the country signed an atomic energy agreement in July 1974 and a science and technology accord in January 1992. The latter stipulates that a joint science and technology committee meet yearly. The two countries also convene a science and technology forum every other year, which has dealt with 105 joint research projects.

Vis-a-vis Tokyo, a science and technology cooperation accord was signed in December 1985 and an atomic power cooperation memorandum in May 1995. A joint science and technology cooperation committee meets

once a year. The two countries have had six science and technology ministers meetings.

With Germany, South Korea signed an economic and technological cooperation agreement in February 1967 and two cooperation accords involving science and technology and atomic power in April 1986. Their science and technology ministers meet at least every other year. The two countries have conducted 70 joint research projects.

South Korea signed with Britain a science and technology cooperation accord in June 1986 and an atomic energy cooperation accord in November 1991. The two countries hold a joint science and technology cooperation committee every year. They have conducted 27 joint research projects between 1987 and 1993.

South Korea also concluded with Russia a science and technology cooperation agreement in December 1990 and an atomic energy cooperation accord in December 1991. Three bilateral science and technology cooperation centers have been created, while a joint science and technology cooperation committee convenes yearly.

Vis-a-vis China, a science and technology cooperation agreement was signed in September 1992 and an atomic energy cooperation accord in February 1995. Technical research teams have been exchanged by the two neighboring countries, while a joint science and technology committee meets once a year.

South Korea concluded science and technology and atomic energy cooperation agreements with France in April 1981. The two countries handled 70 joint research projects from 1985 and 1993.

ROK: Anam Group Chairman Meets With Israeli Prime Minister

*SK2202054996 Seoul THE KOREA TIMES in English
22 Feb 96 p 8*

[FBIS Transcribed Text] Kim Chu-chin, chairman of the Anam Group, discussed with Israeli Prime Minister Shim'on Peres ways of cooperating in information, telecommunications and semiconductor manufacturing on Wednesday during his visit to Israel, an Anam spokesman said.

Kim expressed deep interest in technological cooperation in trunked ratio systems (TRS) in such matters as the standardization of digital TRS on his visit to the Rafael Research Institute under the aegis of the Defense Ministry, he said.

The Rafael Institute and Geotek of the United States successfully commercialized TRS which is to be introduced by Anam for the local service.

ROK Plans To Dispatch 20 Unification Experts to 11 Nations

*SK2202043996 Seoul YONHAP in English
0236 GMT 22 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP) — The government plans to dispatch 20 experts on national unification affairs early next month to 11 countries to conduct case studies on national reunification and the transformation of a centrally-planned economy into a market-driven one.

The experts, selected from 16 central government organizations, will engage in comprehensive research for six months in China, Russia, Vietnam and other countries in preparation for the possible reunification of the Korean peninsula, a government official said Thursday.

In Eastern Europe, they will study how former Soviet-bloc countries there pushed for market-driven economies after the fall of communism in the region. The team will also study the reunification processes of Germany, Vietnam and Yemen.

The dispatch is part of a program to train specialists in the government in preparation for reunification of the Korean peninsula.

He said the experts will be divided into nine teams and sent abroad separately on March 2 and March 5.

The selected experts undertook preliminary studies at the Institute of Political Education for National Unification from Jan. 29 through Feb. 15.

Last year, 20 such experts were dispatched to Germany, Russia, China and the United States for similar purposes.

ROK Considers Hosting World Tourism Group Congress

*SK1602043196 Seoul THE KOREA TIMES in English
16 Feb 96 p 3*

[FBIS Transcribed Text] The Culture-Sports Ministry is considering hosting a World Tourism Organization (WTO) congress in Seoul in 2001.

The envisioned hosting of the "Tourism Olympics" is aimed at pulling in more foreign tourists and establishing Korea as a major tourist destination, according to the ministry officials yesterday.

Korea was one of the 129 nations present when the organization was launched in 1975, and will dispatch two resident officials at the WTO headquarters in Madrid this year.

Korea has applied to hold an APEC (Asia-Pacific Economic Cooperation) conference for working-level officials in 1997 as well.

In addition, the ministry plans to make greater use of existing promotion committees Korea has established with China and Japan to strengthen international cooperation in tourism, they said.

The ministry is also seeking to set up similar cooperative governmental organizations with other Asian nations, including Thailand, they added.

ROK, Germany Establish Joint Industrial Cooperation Body

SK1602044196 Seoul THE KOREA TIMES in English 16 Feb 96 p 8

[FBIS Transcribed Text] Korea and Germany have established a joint industrial cooperation committee for promoting trade and investment and collaboration between enterprises and organizations of the two countries.

The understanding was signed in Seoul yesterday by Korean Trade, Industry and Energy Minister Pak Chae-yun and Guenter Rexrodt, visiting head of the German Ministry of Economics.

Under the agreement, the two countries will identify priority industrial sectors for cooperation and organize round table meetings of officials from the two countries' governments, companies, and other relevant organizations.

They will exchange information on industrial and technological developments and on specific projects in the two countries with a view to identifying opportunities for cooperation, MOTIE [Ministry of Trade, Industry, and Energy] officials said.

At the same time, the accord calls for an improvement in the business climate to increase trade and investment with a particular emphasis on priority industrial sectors, they elaborated.

The officials said the joint committee will meet on an annual basis or as often as needed alternately in Korea and in Germany to further expand the scope and depth of industrial cooperation.

In a meeting prior to signing the agreement, Minister Pak pointed out that Korea has a considerable trade deficit with Germany and that conditions for Korean companies advancing into the European country are not good. Pak emphasized the need to conclude an agreement to allow Korean companies to avoid paying high welfare taxes.

ROK: Bank of Korea Reports on Overseas Branches Gains

SK1602065096 Seoul YONHAP in English 0630 GMT 16 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 16 (YONHAP) — The number of overseas branches of non-banking businesses totaled 3,554 last year, representing a 6.1-percent gain, or 204, from the previous year, the Bank of Korea (BOK) said Friday.

The gain is compared with 11.7 percent (312) registered in 1993 and 15.6 percent (465) in 1994.

East Asia is home to most, with 1,787 or 50.3 percent of the total, followed by North America with 764 (21.5 percent), Europe with 490 (13.8 percent) and the Middle East with 167 (4.7 percent).

By country, the United States leads with 730 branches, followed by Japan with 632, China with 414, Hong Kong with 195 and Indonesia with 165.

More new branches were opened in China than in any other nation in the last two years, with 120 opening in 1994 and 95 last year.

By line of business, the total breaks down to 2,233 (63.1 percent) engaging in manufacturing and trade business, 367 in shipping and deep sea fishing, 304 in construction and service industries and others.

ROK: German Official: Liberalization of Market Needs Improvement

SK1602053196 Seoul YONHAP in English 0458 GMT 16 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 16 (YONHAP) — German Minister for Economics Gunter Rexrodt stressed Friday that further improvement is needed in the liberalization of South Korea's domestic market.

"Free trade only works if all trading partners adhere to this principle," Rexrot said at a press conference at the Seoul Hilton Hotel, "as an export-oriented nation, Korea herself can only benefit from a further liberalization of global markets."

Such improvements are most urgent in financial services, the protection of intellectual property, and product licensing and approval, he said. A mere 2,700 German automobiles were sold in South Korea last year, he noted, compared to the 46,000 cars that Korean automakers sold in Germany during the same period.

During his visit, the minister met with Finance and Economy Minister Na Ung-pae and Minister of Trade,

Industry and Energy Pak Chae-yun on bolstering bilateral trade ties between the two nations. Rexrodt's delegation included leading figures from his nation's industrial circles.

On his nation's participation in the Korean Peninsula Energy Development Organization's light-water reactor project for North Korea, the minister said Germany has appropriated 1.55 million German marks (1,054,080 U.S. dollars) for the project.

Rexrodt said Germany's intention to help fund the project was formally expressed in a letter from German Foreign Minister Klaus Kinkel to his South Korean counterpart Kong No-myong at last December's meeting of European Union nations.

He also explained to Seoul officials specific measures taken during his country's reunification process, including a civil servant exchange, currency reform, and property claim settlements for former owners.

A bilateral industrial cooperation committee was formed by Seoul and Berlin during Rexrodt's trip, which will be made up of government officials and industrial representatives from each country.

Korea has invested about 500 million marks in Germany, while German firms have invested about 1 billion marks in South Korea, according to Rexrodt.

ROK: Major Business Groups To Adopt Code of Conduct for Overseas

*SK1802052296 Seoul THE KOREA HERALD
in English 18 Feb 96 pp 8, 10*

[FBIS Transcribed Text] Korea's five major business organizations will soon adopt a code of conduct for Korean companies operating abroad, officials said yesterday.

The proposed code will be overseas version of the Business Ethics Charter declared by the Federation of Korean Industries (FKI), an interest group for large businesses, at its annual meeting last week.

It will particularly stress the need for the Korean firms doing business in developing countries, including Southeast Asia, China and Latin America, to take care not to cause labor troubles by violating local employees' human rights as well as protect their rights and interests, said an official at the Korea Employers' Federation.

The behavioral norm for overseas Korean investors will also call for positive investments in workers' training and technology transfer, contributing to the economic developments of their host countries, he said.

"It is likely to be adopted at a regular consultation among the five business organs to be held at the

Lotte Hotel Feb. 23," said the federation official. The other three major business organizations are the Korea Chamber of Commerce and Industry, the Korea Foreign Trade Association and the Korea Federation of Small Business.

"While an increasing number of Korean businesses are facilitating their advances abroad, their insufficient knowledge of foreign culture, work ethics and labor laws have resulted in labor-management problems, thus tarnishing the investors' images," the official said.

In a bid to improve their corporate image and rectify corrupt business environment, the FKI adopted an eight-point ethics charter Feb. 15, which called for, among other things, fair competition, cooperation between large and small businesses, and environment-conscious management.

Now that the private businesses have set corporate standards overseas, they are expected to attain localization and globalization through fair trade and greater contribution to foreign countries, he said.

ROK: Used Car Exports to Latin America Facing Barriers

*SK2102034996 Seoul THE KOREA HERALD
in English 21 Feb 96 p 8*

[FBIS Transcribed Text] Korea's exports of secondhand cars to Latin American countries are facing serious difficulties owing to the strengthened import barriers of the countries.

Business sources said yesterday that the Peruvian Government imposed a ban on imports of all foreign-made used cars Jan. 23 on the ground that the massive inflow of foreign-made secondhand cars has threatened the development of the local car market.

The Peruvian Government's step came after it raised the import tariffs on foreign-made used cars drastically in July last year.

Meanwhile, the Chilean Government doubled its tariffs on imports of foreign-made used cars in December last year, citing a reason that the local car industry should be protected from the massive in-flow of foreign secondhand cars.

Because of their tough import restriction actions, Korean exporters of used cars fell into a difficult situation, they said.

"It is very hard for Korean exporters of secondhand cars, most of whom handle cargo trucks and buses, to diversify its export sources as Peru and Chile are major import markets for Korea's used cars," said an exporter of used cars in Seoul.

Reflective of the unfavorable circumstances, Korea's exports of secondhand cars plummeted 41.9 percent from 5,111 units in the third quarter of 1995 to 2,972 units in the fourth quarter of the year.

Considering that about 70 percent of the nation's total exports of used cars has concentrated on Peru and Chile, domestic exporters of secondhand cars are required to explore new overseas markets in the future, market watchers say.

ROK: Foreign Investment Companies Allowed To Sell Shares

*SK2102082596 Seoul YONHAP in English
0757 GMT 21 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 21 (YONHAP) — Foreign investment trust companies will be allowed to sell shares of securities investment funds they launched overseas through brokerage houses here in South Korea during the first half of this year.

The ceiling for security funds and investment trust firms geared toward indirect foreign investment in the stock and bond markets here will be raised to 900 million U.S. dollars — 500 million dollars for stock investment funds and 400 million dollars for bond investment funds — this year.

These are highlights of the securities investment fund market opening plan the Finance and Economy Ministry announced Wednesday.

To protect domestic investors, the ministry will establish guidelines for the domestic sale of beneficiary certificates by foreign investment firms, that will cover sale procedures and qualifications for foreign firms.

A ministry official said the sale of overseas investment fund shares will expedite the outflow of foreign investment funds which are expected to flow into the country at a faster pace as the domestic securities market becomes more open to foreign investors.

He suggested that the upper limit for foreign investment in the stock market, now pegged at 15 percent of a given firm's capitalization, will be raised during the first half of the year.

ROK: 'Nearly 40' Businessmen To Accompany Kim Yong-sam to India

*SK2202043896 Seoul YONHAP in English
0153 GMT 22 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP) — Large South Korean companies are rushing to India to develop the enormous untapped market there, and

President Kim Yong-sam's upcoming visit to India is expected to help, sources here said on Thursday.

Nearly 40 senior businessmen from Hyundai, Samsung, Daewoo and LG will accompany President Kim Saturday on his trip to India.

Hyundai is going to invest 22 million U.S. dollars in an automobile manufacturing plant that will begin producing 100,000 1,300-cc and 1,500-cc "Accent" models in June 1998. Construction is slated to begin this April.

Hyundai also plans to build another plant by the year 2002 that will make another 100,000 passenger cars. India's demand for automobiles is expected to reach 600,000 to 800,000 vehicles.

Daewoo plans to invest more than 5 billion dollars in the next five years for automobile, electronics and shipbuilding businesses in India.

Daewoo founded DCM Daewoo, an automobile manufacturing company, in July 1994 to produce 64,000 automobiles a year in India, and plans to increase production capacity to 218,000 vehicles annually by 1998.

Daewoo also plans to invest 48 million dollars in a factory that will produce home appliances this August.

LG is now looking for a site to build a petrochemical industrial complex in New Delhi by the end of this year, and plans to invest 300 million dollars. It is also planning to begin building a 180 million-dollar general electronics industrial complex sometime in the first half of this year.

ROK: Kim Yong-sam Supports Unions for International Labor Forum

*SK1602095596 Seoul YONHAP in English
0745 GMT 16 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 16 (YONHAP) — President Kim Yong-sam on Friday instructed his labor minister to study ways to set up an international labor foundation that would push for private-level labor diplomacy in the international arena.

He gave the directive at the request of 46 union leaders in a luncheon meeting at Chongwadae [presidential offices].

The chief executive noted that the activation of private-level labor diplomacy was necessary in light of the nation's globalization drive.

Kim also told the union leaders that the government will form an industrial safety planning group to map out ways to significantly reduce industrial disasters.

The union leaders were asked to encourage workers to actively participate in the lifelong education programs to be arranged under the government education reform plan.

"The country's high economic growth last year owed a great deal to labor-management stability and the efforts of workers," Kim pointed out. He then asked the union leaders to cooperate for industrial peace again this year.

ROK President Kim Yong-sam Meets With Buddhist Leaders

*SK2102071996 Seoul YONHAP in English
0515 GMT 21 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 21 (YONHAP) — President Kim Yong-sam Wednesday urged religious leaders to respect each other's right to coexistence and mutual prosperity.

"It is especially important that the wisdom of religious leaders fosters mutual respect for the right of others to exist and prosper in such a multi-religious society as Korea," Kim said during a luncheon with 13 Buddhist leaders at Chongwadae [presidential offices].

Kim asked the Buddhist leaders to be the vanguard in "correcting the history" for the future of the country, and noted that Buddhism has been a spiritual pillar of Korean society for the past 1,600 years and has played a leading role in helping the country survive national crises.

Song Wol-chu, chief administrator of the Chogye Order, Choe Hye-cho, chief administrator of the Taego Order, and Chon Un-tok, chief administrator of Chontae Order were among those attending the luncheon.

ROK: Prosecution Determines How Chon Spent Most of 'Slush Fund'

*SK2202074596 Seoul YONHAP in English
0657 GMT 22 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP) — The prosecution has newly confirmed where and how some 540 billion won [US\$701 million] of former President Chon Tu-hwan's 700-billion won slush fund was used, including 190 billion won [US\$247 million] given to former President No Tae-u's presidential election campaign in 1987, informed sources said Thursday.

Chon was known to have admitted during recent interrogations at a police hospital that he spent 190 billion won in support of No's electioneering.

The former president revealed where he used some 540 billion won out of his secret fund but the prosecution

failed to secure evidence supporting his testimonies in its probe into related bank accounts, sources said.

Chon also reportedly confessed to having given No 55 billion won [US\$71 million] in congratulatory gift shortly after No was elected president in 1987.

Chon, who was brought to court for military mutiny late last year, also faces charges of having received 218.9 billion won [US\$284 million] in bribes from businessmen during his 1980-1988 presidency.

The court hearing on his graft charges is scheduled to begin Feb. 26.

According to prosecutors, Chon gave the then-ruling Democratic Justice Party [DJP] about 1 billion won each month beginning in September 1980 when he was elected president by an electoral college until February 1988 when his term expired. The contributions reportedly amount to 90 billion won [US\$117 million] altogether.

The former army general also provided the DJP with 100 billion won [US\$130 million] in support of its electioneering in the 11th and 12th general elections in 1981 and 1985, respectively, sources said.

Chon gave about 40 billion won [US\$52 million] to ruling and opposition lawmakers on national holidays during his presidency, and spent another 70 billion won [US\$91 million] on the election of representatives for the now-defunct National Congress for Unification, which elected him president, to found the DJP and donations to various social organizations.

Chon has also testified that he gave 20 billion won [US\$26 million] to some parliamentary candidates during the 13th general elections, 50 billion won [US\$65 million] to found the ruling Democratic Liberal Party (DLP), the predecessor of the current ruling party, and 15 billion won [US\$19 million] to some ruling and opposition politicians and journalists after he resigned as president, the sources said.

ROK: Prospects of Parties in Apr Elections Viewed

*SK2102021096 Seoul THE KOREA TIMES in English
21 Feb 96 p 2*

[By staff reporter Pak Song-yong]

[FBIS Transcribed Text] All political parties say they will be victorious in the April 11 general elections though their definitions of victory are different in one way or the other.

But they totally agree that the performance in the Seoul area, where a total of 47 National Assembly seats are

at stake, will decide the overall outcome of the April polls, a bellwether for the 1997 presidential election.

So, public interests are being focused on how many seats each party will win in the 47 districts, and the parties also have begun to present their own expectations of their performance in the region.

Seoul has been an opposition stronghold in the past various elections, and the ruling New Korea Party says if it grasps 22 seats, it will be a landslide victory for the party.

NKP officials believe the joining of popular former prime minister Yi Hoe-chang and ex-legislator Pak Chan-chong into the party will boost party candidates' chances in Seoul.

They say Yi appeals to reform-minded voters for his activities as the head of the nation's top anti-corruption body, the Bureau of Audit and Inspection.

Though Pak failed in his bid for the Seoul mayorship at the last June local elections, he is still believed to command strong popularity among young voters.

"I expect that the NKP will win at least 13 seats in Seoul," says an NKP official who will work for the party's campaign headquarters to be set up early next month. Those whom the NKP lists as sure winners in the capital city include former Health-Welfare Minister So Sang-mok, ex-Seoul mayor Choe Pyong-yol and Rep. Kim Tok-yong, one of President Kim Yong-sam's proteges.

The main opposition National Congress for New Politics, as one of its campaign slogans puts it, aims to sweep all the seats in Seoul and score a landslide victory in its vicinities.

The party believes its victory in the metropolitan area is a prerequisite for its leader Kim Tae-chung's fourth bid for the presidency in 1997.

NCNP officials believe 30 to 35 party candidates could comfortably win in the 47 local constituencies in Seoul. Especially, they claim the party will surely score a victory where the sitting lawmakers are renominated.

Among newly-nominated candidates party officials say Chu Mi-ae, a former local district court judge, will easily get elected because she is well recognized among voters for her activities as vice spokesman of the party.

Former leading student activist Kim Min-sok, who breathed down the neck of Economic Deputy-Premier Na Ung-pae in the last elections, will surely take an Assembly seat as Na has declared he will not seek reelection this time.

Included among those the main opposition party believes will easily win are Reps. Kim Sang-hyon, chairman of the party's guidance committee, and Chong Tae-chol, who is expected to be appointed as its campaign manager.

The party also lists Rep. Kim Pyong-o, former chief policymaker of the party, and Yi Hae-chan, who quit the Assembly seat to serve as vice Seoul mayor following the June local elections, as sure winners.

The minor opposition Democratic Party says it could win at least 10 seats in the worst case, and if it performs better, the number could reach 16.

DP officials say Co-Chairman Yi Pu-yong, floor leader Yi Chol and Rep. Pak Kye-tong, who disclosed the bank account of jailed former president No Tae-u holding slush money, will see no strong opponents in their districts.

They also believe those who decided to stay when opposition leader Kim Tae-chung quit the party with his followers to set up his own party could get elected if voters rate their decision favorably.

They include Reps. Pak Sok-mu, Yu In-tae, Yang Mun-hui and Chang Ki-uk.

The splinter opposition party United Liberal Democrats accepts that it is far behind other political parties in Seoul.

But party officials vow that the party can win at least three seats if it succeeds in winning the support of conservatives and those hailing from central Chungchong provinces, ULD leader Kim Chong-pil's powerbase.

The now-defunct New Democratic Republican Party, set up by Kim Chong-pil in late 1984 in preparation for the 1985 general elections, won three seats out of a total of 38 at stake in Seoul.

ULD officials believe spokesman Ku Chang-nim, former construction minister Yi Tae-sop and ex-lawmaker Kim Yong-chae will probably win.

They say the two sitting lawmakers Cho Sun-hwan and Kim Tong-kil will wage a neck-and-neck fight with their opponents. But Kim will probably not run in a local district in order to take the post of the party's campaign manager.

ROK: Chongwadae Statement Notes Kim Yong-sam Travels, Meetings

**SK2202022596 Seoul YONHAP in English
0125 GMT 22 Feb 96**

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP)
— This coming Sunday, President Kim Yong-sam will

mark the third anniversary as the nation's first civilian chief executive in more than three decades.

Chongwadae released a progress report Wednesday highlighting his achievements in the past three years.

Kim met 361,530 persons while attending 11,384 events in the three-year period, averaging 334 persons and 10 events each day.

He received 7,639 reports or briefings from 17,548 government officials, the ruling New Korea Party and other public organizations, which represents 68 percent of the events he participated in. It took a total of 2,958 hours to receive these reports, averaging 23 minutes per report.

He also presided over 200 meetings, including State Council meetings, meetings to promote "a new economy" and globalization promotion committee meetings. A total of 13,853 people took part in these meetings.

In addition, Kim invited 3,990 people to 219 breakfasts, 26,427 to 758 lunches and 8,947 to 136 dinners during the three-year period. He thus shared a meal with a total of 39,364 people, which he used as an important means of hearing public opinion about the way he is steering the nation.

He also met with 8,392 people on 485 occasions to exchange opinions on national affairs and held 108 tea parties that 26,865 people attended.

Kim traveled a total of 222,560 kilometers overseas, more than five times the earth's circumference, to average 206 kilometers everyday in the past three years. He traveled to eight foreign countries.

Domestic excursions involved a total of 52,959 kilometers — 14,762 by car, 15,680 by helicopter, 20,932 by presidential airplane, 1,563 by train and 22 by ship.

Kim held 77 summits with foreign leaders — 38 with leaders visiting Korea and 39 with the leaders of the countries he visited during his eight trips abroad.

ROK: Prosecution Arrests 3 More Persons Involved in 1979 Coup

*SK2202115096 Seoul YONHAP in English
1132 GMT 22 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP) — The prosecution on Thursday afternoon placed under arrest Rep. Pak Chun-pyong on suspicion of performing a major duty in rebellion in violation of the military criminal code.

A special investigation team of the Seoul District Prosecutor's Office also put under arrest Chang Se-tong and Choe Sae-chang who actively sided with the coup

forces as 30th Security Group and 3rd Airborne Brigade commanders, respectively.

The arrest came promptly after Judge Kim Mun-kwan of the Seoul District Court issued an arrest warrant against Pak along with those against Chang and Choe.

The court had withheld issuing warrants against the latter two pending a Constitutional Court judgement on the constitutionality of the Special Law on May 18 incident under which coup involvers are being legally dealt with.

Their arrest brings to 14 the total of those who have been arrested or prosecuted without physical restraint in connection with the 1979 coup and subsequent Kwangju incident.

According to the prosecution charges, Pak actively took part in a conspiracy for rebellion in December 1979 as commander of the Army 20th Division.

Specifically Pak is charged with having his 60th, 61st and 62nd Regiments block roads in the Uijongbu area just north of Seoul in disregard of orders from the Army headquarters with the intent of keeping the 26th Division and the Capital Mechanized Division from being mobilized as counter-coup forces.

Chang Se-tong is under the suspicion that he opened his office in the Kyongbok Palace to coup conspirators.

He is also accused of arbitrarily using his "quick reaction force" troops in rescuing about 20 military policemen of the Capital Garrison Command's 33rd M.P. Unit, who were detained by Army Chief of Staff Gen. Chong Sung-hwa's residence guards during a clash in which Gen. Chong was carried away at gun point by coup officers.

Charges against Choe Sae-chang are that he personally ordered one of his battalion commanders, Pak Chong-kyu of 15th Battalion, to arrest Special Warfare Commander Chong Pyong-chu, resulting in the killing of Maj. Kim O-nang, secretary to Chong.

The prosecution, meanwhile, plans to indict without physical restraint three field-grade officers including Sin Yun-hui, deputy commander of the Capital Garrison Command Military Police and Pak Chong-kyu, commander of the 3rd Airborne Brigade's 15th Battalion, on charges of killing or attempting to kill their superiors.

Indictment of Cho Hong, former chief military police officer of the Capital Garrison Command, is set to be suspended because he has gone abroad.

ROK: MOFA Appoints Choe Tong-chin Ambassador to Britain

*SK1602051696 Seoul YONHAP in English
0450 GMT 16 Feb 96.*

[FBIS Transcribed Text] Seoul, Feb. 16 (YONHAP) — The Ministry of Foreign Affairs (MOFA) Friday appointed administrator Choe Tong-chin of the Office of Planning for the Light-water Reactor Project ambassador to Britain.

Hyon Hui-kang, special advisor on foreign relations to Seoul Mayor Cho Sun, was appointed ambassador to Spain and Deputy Foreign Minister for Political Affairs Yi Chae-chun was named ambassador to the European Community (EC).

Minister Chang Chae-yong at the embassy in Washington was assigned as ambassador to Venezuela and special advisor to the mayor of Pusan Kim Yong-son was appointed ambassador to South Africa.

Chang was replaced by Consul General Yi Chang-ho from the consulate in Chicago.

Consul General Pak Yang-chun in the American city of Houston was transferred to Hong Kong, and Inspector General Choe Kyong-po was appointed ambassador to Myanmar [Burma].

Pak's former post was filled by Minister O Hang-kum at the embassy in India.

The ministry appointed Director General Pak Ki-mun, international cooperation bureau of the bidding committee for the 2002 World Cup in Korea.

ROK: Arrest Warrant Expected for Ex-Army Commander Pak

*SK2202043696 Seoul YONHAP in English
0249 GMT 22 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP) — The prosecution is expected to seek an arrest warrant for Rep. Pak Chun-pyong, former 20th Army division commander who allegedly played a leading role in the 1979 military coup, on military mutiny charges as early as Thursday afternoon.

Prosecutors interrogated Pak Thursday morning about his role in the military incident, in which former Army Chief of Staff Chong Sung-hwa was taken into custody by force.

Pak allegedly took part in the "Kyongbok Palace meeting" which engineered the coup, and put his division at the disposal of the so-called new military elite, ignoring the ordinary chain of command.

He also allegedly spoke in favor of extending martial law nationwide at a meeting of major military commanders on May 17, 1980.

Pak, if arrested, will become the fourth incumbent lawmaker to be detained in connection with the 1979 coup and the bloody suppression of prodemocracy protests in Kwangju in May 1980. Reps. Chong Ho-yong, Ho Sam-su and Ho Hwa-pyong have earlier been arrested.

After receiving the decision of the Constitutional Court that the May 18 special law is constitutional Thursday, the Seoul District Court is expected to issue arrest warrants for former President Chon Tu-hwan's chief bodyguard, Chang Se-tong, and former 3rd Airborne Brigade Commander Choe Se-chang, possibly as soon as Thursday.

The court postponed its decision on whether or not to issue the arrest warrants pending the Constitutional Court's ruling on the special law, which paves the way for prosecuting those involved in the 1979 coup and 1980 Kwangju massacre.

The prosecution reportedly plans to indict three others without holding them in detention. They are Cho Hong, former provost marshal of the Capital Garrison Command, Sin Yun-hui, former deputy provost marshal of the same command, and Pak Chong-kyu, former battalion commander of the 3rd Airborne Brigade.

ROK: 'Report' Says Hanjin 'Most Family-Oriented Business Empire'

*SK1502032796 Seoul THE KOREA TIMES in English
15 Feb 96 p 9*

[FBIS Transcribed Text] Family members dominate the board room of the Hanjin Group, with as many as 23 family members occupying the executive posts.

According to a report, Hanjin Group is the most family-oriented business empire among the top 10 industrial giants in Korea.

It said 13 members of the Ku Cha-kyong family occupy the chief executive posts in the LG group. Hyundai and Samsung have 11 board members who are family members of the founders at the end of last April.

But it said such groups as Hanwha, Ssangyong, Sunkyoung and Tongyang reduced in halves the number of family members in the group management between 1989 and 1995.

ROK: KOTRA Plans Meeting of Heads of Overseas Trade Centers

*SK1502090396 Seoul YONHAP in English
0816 GMT 15 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 15 (YONHAP) — The Korea Trade and Investment Promotion Agency (KOTRA) will hold the 1996 meeting of its directors from the agency's 82 overseas trade centers Feb. 22-27 in Seoul, a KOTRA spokesman said Thursday.

The first such meeting to be held in Seoul since 1975, the agency's trade vanguards will "directly" brief domestic business circles on the world's major markets and trade issues amid the rapid changes occurring in the global economic environment.

During their plenary and regional sessions, the participants will present a variety of trade strategies for domestic companies, including strategies of small firms to advance into overseas markets.

Ways to cope with the rapidly changing world export environment, strategies to attack newly-emerging markets, overseas investment and the globalization of provincial companies will also be tackled at the conference.

The attendants will also hold a strategic seminar on major points of overseas investment Feb. 26 to analyze investment conditions in China, Vietnam and Mexico and to describe how Korean companies have fared there.

ROK: Overseas Exchange-Dominated Securities Make Strong Showing

*SK1502100396 Seoul YONHAP in English
0808 GMT 15 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 15 (YONHAP) — Foreign exchange-denominated securities of Korean corporations issued overseas have made a strong showing so far this year, braving the bearish stock market here in Seoul, business sources said Thursday.

The 36 equity-related securities issued by Korean companies in overseas markets, including convertible bonds (CBS) and depositary receipts (DRS), gained an average of 1.48 percent by Feb. 14 this year, while their underlying stocks in Seoul lost an average 8.41 percent for the same period.

The 10 DRS issues were up 1.48 percent, but their basis stocks in Seoul were down 1.72 percent.

The 14 common stock CBS gained 1.68 percent and the six preferred stock CBS rose 1.54 percent compared to losses 4.56 percent and 15.62 percent, respectively, for their underlying stocks in Seoul.

Korea Mobile Telecome DRS rose 18.86 percent, Po-hang Iron and Steel Co. DRS gained 11.73 percent, Hanbo Steel Common Stock CBS climbed 8.29 percent, Yukong DRS ascended 7.69 percent and Samsung Display Devices Common Stock CBS increased 5.97 percent.

Losers included LG Electronics DRS with 10.64 percent, Samsung Co. DRS and Hankook Glass DRS with 7.29 percent each, Kia Motors DRS with 6.52 percent and Samsung electronics DRS with 6.17 percent.

ROK Government Probes Collusion Between Hyundai, 'Kin Groups'

*SK1702060096 Seoul THE KOREA TIMES in English
17 Feb 96 p 9*

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The Ministry of Finance and Economy and the Fair Trade Commission have begun [a] probe into potential collusion between the Hyundai Group and its kin groups in taking over Seoul-based Citizens Investment Trust Management Co, one of the nation's three largest investment funds.

The Hyundai Group joined forces with ally groups such as Halla, Keumkang and Sungwoo to acquire 50.1 percent of shares in Citizens.

Under current fair trade rules Hyundai, Halla, Keumkang and Sungwoo are separate and independent groups.

The truth is, however, that these groups are run by the younger brothers of Chong Chu-yong, founder of the Hyundai Group. They are Chong In-yong of Halla; Chong Sun-yong of Sungwoo, Chong Chu-yong's third brother, and Chong Sang-yong of Keumkang, Chong Chu-yong's sixth and youngest brother.

Hyundai Group led its subsidiary Hyundai Securities, to buy 9.9 percent of Citizens. Coincidentally, Mando Machinery, a member of the Halla Group bought 0.08 percent. The Keumkang Group acquired 14.9 percent. Incidentally, Kangwon Bank, which is widely regarded as part of the Hyundai Group, bought 9.9 percent, and the Sungwoo Group had subsidiary Hyundai Cement buy 14.9 percent of Citizens. Hyundai, by itself, would not have dared to buy over half of Citizens.

This "closing in" orchestrated by the Chong family has rendered useless the rule that places checks on domination of the economy by conglomerates. It has also exposed many gray areas that may allow outsiders to take over any Korean company. The issue is rather serious because foreigners will then be able to launch

takeovers of local firms by taking advantage of the sloppy existing laws.

It also raised the question of whether the government is abandoning its longstanding policy of separating industry from finance, analysts here said. Another question is whether "political consideration" was a key factor in Hyundai's bold attempt to buyout Citizens.

All the seemingly separate purchases were made in under a month, spawning speculations to the effect that the Chong Chu-yong families had banded together to own most of the shares issued by Citizens.

Speculation is mounting that the ruling party has granted the Hyundai Group a special favor by winking at its becoming de facto owner of the troubled but potentially lucrative Citizens Investment Trust Management Co.

Last year, the Samsung Group tried to take over Citizens but the government blocked the maneuver.

Consequently, Hyundai's takeover drew complaints not only from rival conglomerates but also from the general public.

Rivals argue that the government is arbitrary in choosing the owner for Citizens. The general public views with suspicion the government's tolerance of the industrial giants entering the financial sector, contrary to the Kim Yong-sam administration's professed intent dissolving the economic dominance of a few conglomerates.

This is a potentially explosive issue that may haunt the Kim Yong-sam administration which has sought to distance itself from the business groups, a Seoul professor said.

Other conglomerates, such as Samsung, are planning to follow suit in and take over one of the other two Seoul-based investment trust firms. Government officials, however, fearing a domino effect in the securities investment trust industry, indicate they will sabotage such attempts. But the government is under fire for allowing Hyundai to take over Citizens while blocking its rivals from doing the same.

The government's dilemma lies in deciding whether Hyundai, Halla, Keumkang and Sungwoo, all of which are run by Chong Chu-yong and his younger brothers, are separate entities.

Legally, they are separate but they are regarded as one group due to their strong family ties. In Korea, blood is thicker than water, analysis here remarked.

The Ministry of Finance and Economy has asked the Fair Trade Commission to study ways of categorizing these groups as one conglomerate so that Hyundai and

its allies do not band together to launch hostile takeovers of firms.

Due to the death or retirement of the founders of many business groups in Korea, many spin-off big groups came recently into existence. For example, Hansol, Shinsegae and Saehan Media spun off [from] the Samsung Group due to the division of assets among the late Yi Pyong-chol's sons, daughters, grandsons and sisters. The pattern is similar with LG, Sammi and other groups.

The Hyundai, Samsung and LG groups have provided visible and invisible aid to their kin groups. Hansol, in just a few years after its separation from Samsung, has grown to become one of the 30 largest groups in Korea. Many conglomerates have used kin groups as a way of expanding business territory.

The Hyundai Group and the Chong Chu-yong family haven't broken any law in taking over Citizens as separate entities were involved. However, the government said they might face charges of violating fair trading laws if they "begin" to exercise managerial rights over Citizens.

Their attempt to exercise managerial rights in Citizens will make collusion among the Chong Chu-yong brothers clearly noticeable, a Ministry of Finance and Economy official said.

Hyundai Group officials, not to anger the government or the public, said they would not exercise managerial rights over Citizens. They refrained from installing their own man as Citizens's president yesterday at its annual shareholder's meeting.

ROK: FTC Trying To Prevent Anticompetitive Rules by Agencies

*SK1802052396 Seoul THE KOREA TIMES in English
18 Feb 96 p 9*

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The Fair Trade Commission (FTC) is moving to bolster its efforts to prevent other government agencies from writing new laws and regulations restricting fair competition.

An FTC official said it wants to change the Fair Trade Act Article 63, to make it compulsory for ministries to consult with the commission before writing laws and enforcement decrees that are anti-competitive in nature. Currently, government ministries are only "recommended" to discuss their plans with the FTC before adopting new rules and writing laws and enforcement decrees to check whether they are restricting fair competition.

The commission, which is to be upgraded to ministry status next month, said many government ministries, including the Ministry of Finance and Economy, maintain guidelines that "protect anti-competitive activity." Thus anti-competitive laws persist and act as major impediments to the effective implementation of a fair competition policy as well as to the promotion of free market competition.

The commission said the various government ministries maintain anti-competitive rules and regulations aimed at "stabilizing prices, preventing what policymakers believe to be excessive competition, and protecting consumer rights. [no end quote marks as published]

Such restrictions often produce results contrary to their original objectives by protecting the interests of those who should be regulated, the commission said in its recent report.

It said, for instance, government regulations blocking new business entries or allowing cartels endangers free market competition.

The monopolistic and oligopolistic market structure, which is protected by government restrictions on new business entries, forms the breeding ground for the concentration of economic power and abuse of market dominance, the FTC said.

The commission is calling on government ministries to drastically abolish all regulations restricting competition, particularly in industries where the monopolistic and oligopolistic structure has been in place for a long time.

The FTC also urged government ministries and agencies to liberalize business licensing, enforce fair and stringent tax administration, remove import barriers and allow freer allocation of financial resources in order to diffuse the concentration of economic power in the hands of a few conglomerates, including Samsung, Hyundai, LG and Daewoo. It said the mere enforcement of the Fair Trade Act is not enough to check the deepening of economic concentration in Korea.

ROK: Bank of Korea Criticized for Recent Financial Incidents

SK2202115396 (Internet) The Digital Chosun Ilbo WWW in English 1252 GMT 21 Feb 96

[FBIS Transcribed Text] The Bank of Korea seems to be experiencing a degree of misfortune. Last year there was a theft of new bank notes from the mint itself; in Pusan, an illegal reuse of bank notes that were to have been destroyed, and, at the beginning of this year there was a theft at the headquarters. Now the swindle at the Kumi branch is a continuation of the trend that tells us

that a screw is loose somewhere, whether it is at the management level, or in the lackadaisical approach of the employees.

It is true for all banks, but especially applicable to central banks that under no circumstances should these kinds of events have happened. Not only might it damage the confidence in the central bank, it could even shake the base of the economy. What we are most worried about is that an instance that should never have happened even once, happened several times. What is worse is that after each financial 'accident' they did not learn from their mistakes.

What is most unbelievable is that had the employees followed minimum procedural guidelines, no such incident could have happened. The Bank of Korea claims that it was difficult to determine the legitimacy of the forged check with the naked eye, but the bank stamp on the check should have been examined and compared with the registered one on file before any transaction occurred.

Furthermore, there was no action taken to confirm a match between the criminal's resident registration card and the number written on the back of the check. The Real Name System requires proof of identification for withdrawal; this is basic common sense throughout the entire financial system. We will never understand how the 900 million won [US\$1.2 million] check was honoured without basic security procedures while anyone who wants to change a 100,000 won [US\$130] check must go through the same security measures. If this incident is not a violation of the Real Name System, as the BOK claims, then there is a potential of similar events occurring elsewhere.

It is lamentable that no one took responsibility for these unfortunate and consecutive examples. If a loose professional attitude is the direct cause, disciplinary measures should be taken, and it is management that has the responsibility to lead by example. Some key managers of the Bank of Korea are avoiding their responsibility by claiming that the swindle was not a violation of the real name system, and that they could not have prevented the incident and identified the fake check. Their actions are completely inappropriate as public officials.

ROK To Propose 7 Percent Wage Increase as 'Appropriate'

SK2202121996 (Internet) The Chungang Ilbo WWW in English 22 Feb 96

[FBIS Transcribed Text] Labor Minister Chin Nyom held a press conference on the afternoon of February

22 and stated that the government will propose a 7 percent wage increase as the appropriate rate of increase. The government proposed rate will become the standard to follow in this year's overall negotiations on wage increases.

This is a figure which takes into consideration the 6.6 percent proposed by the members of Central Labor-Management Council and the 7.1 percent proposed by the government last year. The Council, made up of university professors, had proposed a wage increase of 5.1-8.1 percent (an average of 6.6 percent), the Korea Employers' Federation 4.8 percent, the Federation of Korea Trade Unions 12.2 percent and the Korean Confederation of Trade Unions 14.8 percent.

ROK: Textile Industry's Overseas Investment Increases 30 Percent

SK2202072696 (Internet) The Chungang Ilbo WWW in English 22 Feb 96

[FBIS Transcribed Text] The textile industry's overseas investment reached 1.285 billion dollars last year, showing an increase of 30.1 percent from 988 million dollars in 1994. The number of investment projects was 1,101, up 14.9 percent from 958 in 1994.

According to the Union of Korean Textile Industries on February 21, its overseas investment increased greatly, especially in the Asian region including China which amounted to 9.2 percent of Korea's total overseas investment of 14.043 billion dollars last year.

ROK: BOK: Current-Account Deficit Reached Record High in 1995

SK2202092096 Seoul YONHAP in English 0820 GMT 22 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 22 (YONHAP) — South Korea registered a record high current-account deficit of 8.81 billion U.S. dollars last year, up 94.6 percent from 1994, according to the Bank of Korea [BOK].

The previous record high was the 8.72 billion dollars incurred in 1991.

The central bank projected a 6 billion-dollar deficit for this year.

Last year South Korea had a 4.7 billion-dollar foreign trade deficit, with a 32 percent increase in imports that totaled 135.1 billion dollars, while exports climbed 30.3 percent to 125.1 billion dollars. The 1995 deficit was the highest since 1991 when it stood at 6.97 billion dollars.

Heavy industries led the way with semiconductor, automobile and chemical exports jumping a whopping

37.5-percent, while light industrial exports including paper, yarn, and jewels increased 14 percent.

Imports of capital goods, raw materials and consumer goods rose 32.5 percent, 32.6 percent and 27.8 percent, respectively.

In 1995 developing countries emerged as the nation's largest export market replacing developed countries for the first time, accounting for 50.1 percent (62.6 billion dollars) of total exports.

As a result, there was a 19.2 billion-dollar trade surplus with developing countries. In contrast, there was a 29.1 billion-dollar trade deficit with developed countries.

Trade deficit with Japan reached a record high of 15.57 billion dollars, and that with the United States stood at 6.29 billion dollars.

Invisible trade resulted in a 3.51 billion-dollar deficit — 1.22 billion dollars in travel accounts and 2.38 billion dollars in financial accounts [figures as received]. The unrequited transfer account registered 560 million dollars of deficit in a sharp contrast to a 600 million-dollar surplus in the previous year.

On the other hand, capital accounts achieved a record high surplus of 13.53 billion dollars — 7.93 billion dollars in long-term accounts and 5.63 billion dollars in short-term accounts.

The central bank's foreign exchange reserves rose 17.4 percent to 32.71 billion dollars last year, thanks to the increased capital-account surplus.

ROK: Edible Forest Product Exports Up 16 Percent in 1995

SK1802050996 Seoul THE KOREA HERALD in English 18 Feb 96 p 8

[FBIS Transcribed Text] Korea's exports of agricultural products growing on forest land such as chestnuts, ginkgo leaves and pine mushrooms amounted to \$220 million in 1995, up 16 percent from a year earlier, the Office of Forestry Administration said yesterday.

The annual export figure is also expected to hit \$240 million this year, up 9 percent from 1995, contributing to increasing the income of Korean farmers, it said.

"To promote exports of the forest-grown products, the administration will also extend 31 billion won in soft-term loans carrying an annual interest rate of 5 percent to domestic exporters of the forest goods this year."

Burma

BURMA: Suu Kyi Downplays Economic Growth
*BK2202095596 Singapore BUSINESS TIMES
in English 22 Feb 96 p 6*

[Report by Loh Hui Yin in Bangkok]

[FBIS Transcribed Text] Yangon's [Rangoon's] growing economy and rapidly changing skyline, shaped by new hotels and office buildings, may catch foreigners' attention but it does not impress pro-democracy leader Aung San Suu Kyi.

"It is true that many hotels have gone in (as investments). But what progress has there been in the field of health and education?" she asked during an interview with a group of foreign journalists, including BT [BUSINESS TIMES], at her home on the shores of Inya Lake.

"And I think these are the two best indicators of the living standards of the people — health and education. If you want to see whether the country is truly developing or not, you should study these two sectors and then you will be able to have a good idea of whether or not there has been any real development," she pointed out.

Moreover, the "great mushrooming of hotels", contended Ms Suu Kyi, "has not done any service because it has affected the morals of the people for the sake of entertaining and making money. They (the Myanmar [Burmese] people) feel that a lot of our young people, especially young girls, are going astray."

Ms Suu Kyi heads the National League for Democracy which won a landslide victory in the May 1990 general election, capturing 392 of 485 contested seats. But the governing State Law and Order Restoration Council (SLORC) refused to hand over power and instead arrested her and other opposition members.

Since Ms Suu Kyi was released last July after almost six years of house arrest by the SLORC, she has been advocating that foreign investors and international aid agencies should refrain from commitments in Myanmar until there's progress on the political front.

Ms Suu Kyi explained her position: "I said it's too early for investments to come pouring in on the basis that there has been change because I don't think my release alone is enough to indicate that there has been any real change in the situation.

"I very much agree with the authorities when they say that one individual's situation is much less important than that of 45 million.

"So, I think aid, investment, such things should be dependent and linked to the situation of all the people

rather than that of one person. So, if you are asking should investment now come pouring in because I've been released, I shall simply say 'No'.

"I'm just one person released. Why should that make such a difference?"

Japan has turned on the aid flow since Ms Suu Kyi's release, to the tune of about one billion yen (S [Singapore] \$13 million), while Japanese firms are beginning to show stronger commitments in Myanmar.

Ms Suu Kyi was also asked about the creation of employment for the Myanmar people and spinoffs for the economy from such investments — points raised by the Myanmar Minister for Hotels and Tourism, Lt-Gen Kyaw Ba last month.

"Yes. But it's how much employment there is. And sometimes you will find that the hotels have not really increased employment because it's people who have just come from something else.

"For example, civil servants who've lost their jobs for various reasons may now be working in hotels. So it does not necessarily mean that more people are employed because of the hotels."

Lt-Gen Kyaw Ba, at the topping-up ceremony of Straits Steamship Land's Sedona Hotel, reeled off statistics to illustrate employment opportunities created by the hotel industry, beginning from the construction stage.

According to his calculation, the construction of four hotels — two each by Straits Steamship Land and the Shangri-la group — would create jobs for about 1,000 skilled and unskilled workers.

During the two to three years it takes to build the hotels, their employment would generate an income of 567 million kyat or US\$96 million (\$136 million), at the official exchange rate of US\$1 to six kyat. The market rate is about US\$1 to about 125 kyat.

"Once the 34 hotel projects are completed and 8,632 rooms are in operation, the total expenditure on the consumption of food will be 828.6 million kyats," he added.

Of the 34 hotel developments, 10 of them, including those by Pidemco, Straits Steamship Land and the Shangri-la group, are promoted by Singapore, making it the top investor in the hotel sector.

Lt-Gen Kyaw Ba, a member of the ruling SLORC, lashed out at critics who, he said, have been telling foreign tour agencies to withhold support for the Visit Myanmar Year in 1996, on the grounds that the majority of Myanmar people would not enjoy the spinoffs.

He said no one could deny that SLORC has raised the Myanmar people's standard of living within a short time.

But Ms Suu Kyi contends that "I will not deny that there are a handful of people who have done very well for the last five to six years. If you speak to people who have been in a position to make use of the economic opportunities that have come their way in the last few years, of course they will be pleased.

"They will be quite happy with things as they are."

"But I think this is a great disadvantage for most journalists that first of all, they look foreign. And the moment they see somebody who looks foreign, people are quite cautious about what they are saying.

"And secondly, there is a language problem. You can only talk to people who are able to speak English or whatever language you happen to be using. And these also belong to a very small minority.

"And the fact is that even Burmese people are very cautious about speaking to other Burmese people because of the possibility that what they say will be passed on to the various security and intelligence services.

"I think this is a great disadvantage for journalists in Burma, that you will find it difficult to get frank opinions expressed."

"Also, of course, most journalists tend to stay in hotels and move in that sort of environment where you would only find those who have done very well out of the economic opportunities which seem to centre on tourism and hotel building as I was recounting.

"But you should try to look at the hospitals where people go to in Burma. Then you will find out how much development there has been and whether if you were a citizen of Burma, you would think that is something that you could be satisfied with."

Inflation is another problem that Ms Suu Kyi singled out as a problem for the ordinary people.

"We were trying to set up an office and we bought a filing cabinet. Then we found that one filing cabinet was not enough. So three weeks later, we went out and bought another filing cabinet. Exactly the same but the price had gone up. It's upsetting for people like me — and I'm not starving. And the price of food is going up all the time and that of course hurts the ordinary people a lot."

Looking ahead, Ms Suu Kyi said: "Let us think first, about how to bring about the process of democratisation before we talk about who's going to take over power and how they're going to use their power. But I can say

that there are many able people in Burma, and under a democratic system, these people with talent will be surely made use of."

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Mahathir Urges 'Informal' Asia-Europe Meeting

BK2202080196 Kuala Lumpur THE STAR in English 22 Feb 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Malaysia wants the Asia-Europe Meeting (ASEM) in Bangkok next month to be an informal one, strictly to discuss economic issues.

Datuk Sri Dr Mahathir Mohamed said there was no need for a formal meeting because there were many such meetings at the moment.

The Prime Minister was asked to comment on reports that the Europeans had been deciding the agenda although it involved both continents.

Dr Mahathir was speaking to reporters after attending MCA [Malaysian Chinese Association] and Gerakan [Malaysian People's Movement] Chinese New Year open houses on Monday.

The meeting on March 1 and 2 brings together leaders of ASEAN states, Japan, South Korea, China, and 15 heads of state from Europe.

On claims that Dr Mahathir had snubbed Australia by deciding to visit New Zealand, he said he did not want to get involved in their election.

Malaysia: Mahathir Views Border Wall Dispute With Thailand

BK2102104696 Kuala Lumpur Voice of Malaysia in English 0800 GMT 21 Feb 96

[FBIS Transcribed Text] Malaysia is willing to resolve through diplomatic channels the problems that have arisen from Thailand over Malaysia's construction of a wall along its international boundary with that country. Prime Minister Datuk Sri Dr. Mahathir Mohamed said today the talks could determine whether there had been any violations in the construction of the wall. Speaking at his Hari Raya [Muslim feast] open house in Kuala Lumpur, he said the issue could be misunderstood if both countries talked through the press.

Dr. Mahathir was asked to comment on the statement by Thailand's foreign minister, Kasemsamoson Kasemsi,

that there was no valid agreement for the 27-km wall. The Thai foreign minister was also reported as saying that the International Court of Justice in the Hague could be asked to rule on Malaysia's construction of the wall, if there were no agreement and talks between Bangkok and Kuala Lumpur.

Malaysia: More on Mahathir's Comments on Border Wall Dispute

BK2202073296 Kuala Lumpur THE STAR in English 22 Feb 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Petaling Jaya — Malaysia will look into claims that a border wall project in Perlis had allegedly been built on Thai soil, Datuk Sri Dr Mahathir Mohamed said yesterday.

The Prime Minister was commenting on claims that the wall had allegedly been built on Thai soil along the border area.

He said this after signing the condolence book at the Bosnian Embassy here following the death of Bosnian charge d'affaires Ibrahim Bukvic.

Thai Opposition MP Suphat Thammaphet had claimed that the border line drawn by Malaysia for its wall might affect Thai territory on the continental shelf and that, if no settlement was reached, Thailand might lose many islands.

However, the Thai Foreign Ministry denied this.

Asked whether work would proceed on the wall, which is scheduled for completion in September, Dr Mahathir said Malaysia would discuss the matter with Thailand.

Meanwhile, B.V. Chandrasekaran reports from Kangar that the Perlis government has informed the Prime Minister's Department of recent threats to hamper the construction of the border wall in Bukit Puteh.

Mentri Besar [Chief Minister] Datuk Sri Shahidan Kassim said the state government had sent a detailed report to the security division last week.

Last week, the mentri besar had said he received complaints from contractors involved in the project that certain quarters had threatened them, claiming the wall was being built on Thai territory.

Yesterday, a group of high-level delegation comprising military and police officers from Thailand visited the Malaysia-Thai border in Bukit Puteh to inspect the area for the second time this week.

On Monday, Thai Deputy Prime Minister Gen Chawalit Yongchaiyut visited the Bukit Puteh border area.

Malaysia: Official on Construction of Border Wall

BK2202073296 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 22 Feb 96

[FBIS Translated Text] Malaysia considers the construction of a wall along the Malaysian-Thai border to be normal, even though the Thai Ministry of Foreign Affairs has expressed its opposition to the project. Tan Sri Ahmad Kamil Jaafar, secretary general of the Ministry of Foreign Affairs, has said the wall is necessary to prevent cross-border criminal activities such as smuggling and illegal immigration. According to Tan Sri Ahmad Kamil Jaafar, the cabinet ordered the construction of the 27 km wall:

[Begin Ahmad recording in English] The cabinet, I think, has appraised of the situation regarding Thailand and Malaysia along the border, and if there are errors, well, we need to look again at demarcation. Certainly we will work together with Thailand, and I don't see why the Thais should be unhappy, because the wall will be well within our own territory. [end recording]

Therefore, he will hold informal talks on the matter with the permanent secretary of the Thai Foreign Ministry when they attend the Asia-Europe Meeting in Bangkok in early March:

[Begin Ahmad recording] I think it would be good to discuss the matter at the Joint Border Committee. The committee has expressed its ability to seek a way to settle the border dispute with Thailand. [end recording]

Malaysia: Daily Urges Repatriation of SRV Refugees

96SE0019A Kuala Lumpur BERITA HARIAN in Malay 20 Jan 96 p 10

[Unsigned editorial: "Refugees: Now This Country's Turn To Use Force"]

[FBIS Translated Text] The second riot at the Sungai Besi Vietnamese Refugee Camp, which occurred yesterday, was the most violent yet, and many people, including security personnel, were injured. Last year, refugees threatened to commit suicide, but this time they burned three blocks of their own dwellings. Many sharp weapons and a homemade bomb were seized.

We believe the refugees took this daring action because they know that the decision of an international meeting on boat people early last week in Bangkok means there is no further chance for them to emigrate to a third country. Refugees are compelled to accept the fact that they will be forced to return to their homeland, because Southeast Asian countries want to close all temporary camps for Vietnamese boat people by July.

Also, the UN High Commission on Refugees (UNHCR) has declared that it is unable to finance refugees. The UNHCR can only offer travel expenses if the refugees are unwilling to return to their homeland.

The Vietnamese Government has expressed its willingness to accept the return of the boat people and has stressed that they will not be ill treated if they come home. At the Fifth ASEAN Summit Meeting in Bangkok at the end of last year, Vietnamese Prime Minister Vo Van Kiet himself told Datuk Seri Dr. Mahathir Mohamed that his country was willing to receive its people back again. Hanoi guaranteed that it would immediately try to coax about 39,000 boat people in Southeast Asia, including more than 4,000 in Malaysia.

We regret, however, that the guarantee was not followed by genuine and appropriate action. The Vietnamese Government is not trying hard to restore the confidence of its people so that they will come home. The Vietnamese Government should mount a strong propaganda campaign about the peace and progress achieved by the country since the end of the war.

They should often send representatives to persuade refugees to come home and have a part in building up the country, which has great potential for development after being trapped in warfare for so long. We are concerned that the Vietnamese Government's lack of sincerity and seriousness toward resolution of this problem may produce uncomfortable diplomatic relations. Because Vietnam recently joined ASEAN, this refugee issue needs to be handled immediately in a spirit of ASEAN solidarity lest it become a thorn in the flesh.

Vietnamese refugees here must no longer be stubborn but must accept realities. Whether incited from the outside or not, the violent action to get sympathy would not have been taken if they were truly aware of the humanitarian aid and good services the Malaysian Government has been providing. Cultured people know how to reciprocate kindness rather than violently challenging the rights and sovereignty of our country.

They showed arrogance and selfishness by using dangerous weapons, burning the shelter freely given to them, and injuring members of the security force simply to have their demands met. The Malaysian Government has spent millions of ringgit to help them live, although not luxuriously, for the last seven years. Clearly, it would have been more useful to have spent the money on the people of this country, but, because of humanitarian feelings, such a thought never arose. The refugees have returned violence for the good treatment they have always received.

They are acting spoiled, and they want their own way. Since no third country has accepted them, the reality is that the Vietnamese refugees have no choice but to return to their homeland.

They appear to have lost touch with reality after being exposed to kind treatment by the Malaysian Government. The refugees need to realize that they cannot remain in this country forever. Although we are sympathetic toward the problems of the refugees, the Malaysian Government has no option other than to send them home.

Malaysia has no choice but to send the refugees home. Having exhausted gentle treatment, we are compelled to repatriate them by force. Hong Kong did this in various ways, and now it is Kuala Lumpur's turn.

Malaysia: Sabah Urged To Support Malaysia's National Front Coalition

*96SE0015A Kuala Lumpur BERITA HARIAN
in Malay 2 Jan 96 p 10*

[FBIS Translated Text] Kota Kinabalu, 1 January—The people of Sabah have been asked to continue giving their undivided support to the Barisan Nasional (BN—National Front) government so that all of the plans for the joint benefit of all groups can be implemented smoothly and successfully.

Furthermore, Yong Teck Lee, the acting chief minister [of Sarawak] wants the people to stand firmly behind the National Front, which has proved its sincerity as a multi ethnic government which has protected their interests and welfare.

In his speech on New Year's Day the acting chief minister, who is also minister of finance, said that Sabah is still behind other states in many areas of development. This situation cannot be allowed to continue.

He said: "Many challenges await Sabah, but, with the help and guidance of the Malaysian central government, we are convinced that it will be able to overcome whatever problems remain to be faced."

He continued: "In any case these plans and the government's efforts will not be enough by themselves. On the contrary, we need the joint efforts of the private sector to ensure that all plans can be implemented."

Yong also said that the government wants to see a higher and more active level of participation by local traders, businessmen, industrialists, and factory operators in their commercial and industrial efforts in all sectors of the economy.

According to Yong, the government's development program will have no meaning if the people and the

private sector do not respond to these challenges in a positive way.

Both the people and the private sector need to be proactive and to grasp the opportunities which will become increasingly clear in the future.

He said: "The year 1996 is very important for Sabah and also for Malaysia as a whole because it marks the beginning of the Seventh 073 Malaysian Development Plan (RM-7), covering the last five years before we enter the next century."

He stated: "The government of the State of Sabah has allocated the necessary funds in the 1996 State Budget to achieve the objectives of the Seventh Malaysian Development Plan, as well as the plan covering the long term objectives of Sabah (OPPS)."

Over the past 21 months the National Front government in the State of Sabah has worked hard to set out the direction and guidelines needed to make Sabah into an industrial and progressive state and also to ensure that its economic development can be compared with that of other states of Malaysia.

Concrete action was taken during the past year to increase the level of development and progress, particularly in the fields of economic, educational, and social affairs.

Yong said that among the impressive steps taken was the official inauguration of construction of the University of Malaysia in Sabah (UYMS) by the prime minister in November 1995.

According to Yong, another promise carried out by the National Front in 1995 was the opening of the City of Kinabalu Industrial Estate, near Telipok, which will be a center for the most modern industrial growth in Sabah.

He said that the government of the State of Sabah also will pay a 13 percent dividend to investors in the Sabah Shares Trust (SAS). This payment of 30.0 million Malaysian ringgits was recently announced by Mohamed Salleh Tun Said, the chief minister of Sabah.

Cambodia

Cambodia: Opposition Leader Says Sirivut Ruling 'Sign of Tyranny'

BK2202105796 Hong Kong AFP in English
1036 GMT 22 Feb 96

[FBIS Transcribed Text] PHNOM PENH, Feb 22 (AFP) — Cambodian officials defended the conviction of Prince Norodom Sirivut Thursday on charges of plotting to kill co-Premier Hun Sen, while the country's leading opposition figure blasted the verdict as a sign of tyranny.

The trial, seen by legal and human rights observers as evidence the Cambodian judiciary is controlled by politics, was hailed by officials aligned with Hun Sen as fair and just and accepted by the prince's former colleagues in the royalist FUNCINPEC [National Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party as "the legal ruling of the court."

The prince was sentenced to 10 years in prison in absentia.

"The procedure was good," said one of Hun Sen's senior advisors, Om Yin Tieng, who sat in on the proceedings. "Even Heng Chy and Say Bori (the prince's lawyers) were impressed."

Say Bori said he was disappointed in the ruling because he and his colleague "didn't think the evidence (presented) was evidence of any crime." He said he had not yet decided whether to appeal.

In November, Hun Sen demanded the arrest of the prince, Cambodia's former foreign minister and the former secretary general of FUNCINPEC, after he said he learned the prince was plotting to kill him.

The prince was then exiled to France. Although he was free to return for the trial, Hun Sen warned he would face a lengthy jail term if he returned.

Om Yin Tieng said the prince's lawyers "were clever" because they had used "good tactics" to reduce the prince's sentence from a possible 18 years on charges of criminal conspiracy and illegal possession of weapons to 10 years.

The prince, who is living in Paris, could not be reached for comment and his wife, Christine Alfsen-Norodom, who still lives in Phnom Penh but was out of the country during the proceeding, said she would have no comment.

"I'm not going to say anything," she said. "The writing is on the wall for those who can hear, speak and have hearts."

Sam Rangsi, leader of the banned opposition Khmer Nation Party (KNP), a former political ally of the prince's, called the verdict "unacceptable" and said it was more proof Cambodia had become a "tyranny."

"In a free country where justice is independent, justice is the guardian of liberty," he said. "But in Cambodia, where this is not the case, justice is an instrument of tyranny."

Li Thuch, the cabinet director for First Prime Minister and FUNCINPEC leader Prince Norodom Ranariddh, said the verdict must be accepted if Cambodia was to become a "state of law."

"We will follow the verdict closely," he said. "But we believe in the legal system of Cambodia."

Few diplomats were willing to comment on the court's decision, saying they had not yet been fully briefed on the trial, but one western ambassador said his first impression was that the sentence was "quite strong."

Cambodia: Court Sentences Prince Sirivut to Jail in Absentia

*BK2202055096 Hong Kong AFP in English
0455 GMT 22 Feb 96*

[FBIS Transcribed Text] Phnom Penh, Feb 22 (AFP) — A Phnom Penh court on Thursday sentenced Prince Norodom Sirivut, the half-brother of King Norodom Sihanouk, to 10 years' jail in absentia for criminal conspiracy and illegal possession of weapons.

Phnom Penh Municipal Court judge Ya Sakhon sentenced the 44-year-old prince, who was exiled to France in December after being arrested in November, on charges relating to an alleged plot to assassinate co-Premier Hun Sen.

The prince, who has maintained his innocence, said he would not return to face the trial which he termed a "parody of justice."

Heavily armed military and riot police surrounded the court.

Journalists were not allowed inside. They stood in doorways and peered through unglassed iron-barred windows to try to follow the proceedings.

Indonesia

Indonesia: 'Rescue Team' Leaves for Irian Jaya Hostage Site

BK2102070096 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 21 Feb 96

[FBIS Translated Text] A four-member rescue team began a journey today to find the hostage site in the Irian Jaya jungle. The four men are bringing in food and medicine for the hostages as well as a message from Major General Dunija, commander of the Trikora 8th Military Region Command, to Daniel Yudas Kogoya and Kelly Kwalik [leaders of the OPM or Free Papua Movement].

Infantry Lieutenant Colonel Maulud Hidayat, head of the Information Service of the Trikora 8th Military Region Command, said units of the Armed Forces of the Republic of Indonesia have been dispersed to save human lives and that they are not murderers. Daniel Yudas Kogoya and Kelly Kwalik will be openly received if they want to return to the national fold. Accordingly,

members of the security disturbance movement [official name of the OPM] should not be afraid of turning themselves in to security posts in Mapendum Village.

The rescue team comprises a member of the International Committee of the Red Cross, Pastor Adrian van der Bijl, a health worker, a local tribesman, and a guide.

Indonesia: Men Kidnapped in Irian Jaya Freed Unharmed

*BK2202042996 Jakarta KOMPAS in Indonesian
22 Feb 96*

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Paniai, KOMPAS — The Irian Jaya GPK [security disturbance movement] has acted up again by abducting a French researcher and an Indonesian national. Thanks to the swift action of the ABRI [Armed Forces of the Republic of Indonesia] under Lieutenant Colonel Armen Tony, commander of the Paniai Area Military Command, the two hostages were freed safely at 1430 East Indonesian Time on Wednesday (21 February).

Speaking to KOMPAS on Wednesday evening, Lt. Col. Maulud Hidayat, head of the Trikora Eighth Regional Military Command's Information Service, said the two men were abducted in Okaitadi village, Western Paniai Subdistrict, Paniai District at 1900 East Indonesian Time on Tuesday (20 February). "We immediately launched a rescue operation and succeeded in freeing the hostages within 24 hours," Hidayat said.

The two hostages, French national Frederick Bentti and Indonesian national Gabriel Go, are now in Nabire, the capital of Paniai District. Both work for a private company called Nabire Delta Mining Co. Ltd.

Hidayat said as soon as the abduction report was received, the Paniai Military Command set up a rescue team. Accompanied by two soldiers, Lt. Col. Armen Tony flew to Okaitadi village by helicopter on Wednesday morning.

"When they saw the arrival of ABRI personnel, the abductors fled and the two hostages were freed. The two men were taken to Nabire the same day. They are in good condition, even though they were held by the abductors for more than 12 hours," Hidayat said. The motive for the abduction is still unknown. [passage omitted]

Indonesia: Data on Low Realization of Projects Released

BK2202105096 Jakarta KOMPAS in Indonesian
22 Feb 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, KOMPAS — Government efforts to attract foreign investments apparently still face serious obstacles. This can be seen from data released by BKPM [Capital Investment Coordinating Agency] on the high percentage of unrealized capital investments.

The BKPM data used by the Office of Coordinating Minister for Production and Investment are interesting and worth studying, especially to see the correlation between the number of realized projects and the value of investments.

Data on foreign investments from 1967 to 15 January 1996 show that 4,011 projects worth US\$142.9 billion have been approved. However, only 72 percent of the projects with only 48.4 percent of total investment value have been realized.

Meanwhile, data on domestic investments from 1968 to 15 January 1996 also do not show encouraging signs because from the approved 9,778 projects worth 379.8 trillion rupiah, only 74.4 percent of the projects with 43.2 percent of total investment value have been realized.

The low realization rate of both foreign and domestic investment projects, which does not reach 50 percent of the investment value, is caused by obstacles faced by investors in developing their projects. The obstacles consist of lengthy bureaucratic procedures, high-cost economy, and incompetent officials, especially in rural areas, who are incapable of efficiently implementing central government policies. [passage omitted]

Japan Is Top Investor [subhead]

Based on the realized number and value of investment projects, data from the Office of the Coordinating Minister for Production and Investment show that Japan remains the top among the 10 largest investors in Indonesia, followed by Britain. Hong Kong ranks third with 333 projects worth US\$16.499 billion, followed by Singapore with 482 projects worth US\$15.465 billion.

The value of Britain's investments is higher than Singapore, Hong Kong, Taiwan, or South Korea because the former has invested in mega projects, which include petrochemical, steel, or oil projects. Other countries like Singapore or Taiwan seem to invest more in medium industrial projects or downstream products

such as garments, shoes, or components requiring only investments of tens of millions of dollars.

Indonesia: Economist Assesses Current Account Deficit

BK2202102096 Jakarta KOMPAS in Indonesian
19 Feb 96

[Article by economist Kwik Kian Gie: "Foreign Reserves Face Problems?" — received via Internet]

[FBIS Translated Text] Many people have expressed shock over the growing current account deficit, which increased from \$3.488 billion in FY [fiscal year] 1994-95 to \$7.943 billion in FY 1995-96. The current account deficit for the following year, namely in FY 1996-97, is projected to be reduced to just \$6.874 billion. This is not much of a reduction because at \$1.069 billion, it represents only 13.46 percent as compared to its corresponding increase in FY 1995-96 at \$4.455 billion, or an increase of 127.72 percent. Therefore, many people have concluded that the nature of our current account deficit is not coincidental, but structural.

The huge current account deficit and the obligation to repay our foreign debt certainly affect our foreign reserves. It is claimed that our foreign reserves are unaffected because despite our enormous current account deficit, foreign capital inflow in the form of real and portfolio investments is greater. This capital inflow will increase our foreign reserves. In other words, what bolsters our foreign reserves is foreign capital inflow, not our export performance.

If that is the case for FY 1995-96, will it be the same in the following years?

While we depend on foreign capital investment, the following question arises — will foreign capital inflow be affected by the investors' concern over Indonesia's economic performance, our country's growing current account deficit, and the government's handling of the macro economy, especially its desire to cool down the economy while trying to continue high economic growth? If foreign economists and watchers begin to sense Indonesia's economic slowdown, it is possible that foreign capital inflow will diminish while foreign capital already invested in Indonesia in the form of investment portfolios will be cashed and withdrawn overseas. If this happens, our foreign reserves will suddenly diminish and the consequences are beyond our imagination.

Therefore, it is essential for the government to present a clear picture of our present economic situation as well as its plan to avert any possible future disaster.

While it is true that the finance minister briefed a parliamentary hearing on 13 February where he disclosed

several figures on foreign debt and its repayment in the coming years, I consider his explanation highly inadequate because it failed to calm the public. He said that foreign debt repayment plus interest will stand at \$7.513 billion in FY 1997-98, \$7.541 billion for FY 1998-99, and \$7.382 billion for FY 1999-2000. However, he gave no details on the cost to the country for debt repayment and interest. Neither was there any explanation as to whether our foreign debts situation would significantly improve after such repayments.

He also said that the difference between debt repayment plus interest and domestic revenue is estimated to fall from 29.7 percent in FY 1994-95 to 20.6 in FY 1998-99. However, he did not mention the foreign reserves situation during the said period.

The difference between debt repayment plus interest and domestic revenue reflects our ability to repay our debts only if creditor countries are willing to receive the payment in rupiah. In reality, that is not the case because we must pay in foreign currency.

One important issue to remember is that we may face sudden disaster if we find our foreign reserves depleted to the point that we are forced to have a drastic rupiah devaluation, or to tighten our foreign exchange control system. Therefore, we need to have a true picture of our foreign reserves and its prospects. Currently, we have such details only through FY 1996-97 as they are stipulated in our state budget. Our foreign reserves will be safe only if foreign capital inflow stands at \$9.744 billion while new loans stand at \$5.709 billion in FY 1996-97. For the previous FY, the realization of foreign capital inflow stood at \$10.64 billion, but are we indeed going to get \$9.744 billion in foreign capital inflow for FY 1996-97?

Foreign capital inflow into Indonesia largely depends on information gained by foreign observers. It is not that these people know better than we do or that they are always correct in their analysis, but what is important is that their analysis is trusted by foreign investors, and this can influence actual capital inflow. Regarding this, it is rather discouraging to see the 2 February Morgan Stanley analysis written by Michael Taylor entitled: "Indonesia — A Dangerous Year." The writer painted a bleak picture for foreign investors planning to invest in Indonesia.

Therefore, it is necessary for the government to counter the analysis with its own figures, and to explain how it views the economic situation and prospects.

Without complete figures, we cannot gain a clear picture on how our foreign debt burden can be reduced

significantly, which will in turn reduce the threat against our foreign reserves.

The government should announce our projected foreign debts and foreign reserves for the coming 10 years.

We know that from 1989 to September 1995, the amount of foreign debts, excluding those belonging to state enterprises, had continued to swell, namely \$39.577 billion, \$45.1 billion, \$47.725 billion, \$48.769 billion, \$52.461 billion, \$55.037 billion, and \$61.293 billion.

Up to FY 1996-97, our annual loan from IGGI/CGI [Intergovernmental Group on Indonesia/Consultative Group on Indonesia] has been higher than our debt repayment, namely, new loan at \$4.298 billion and debt repayment at \$3.686 billion for FY 1989-90; new loan at \$4.516 billion and debt repayment at \$4.082 billion in FY 1990-91; new loan at \$4.755 billion and debt repayment at \$4.182 billion for FY 1991-92; new loan at \$5.755 billion and debt repayment at \$4.84 billion in FY 1992-93; new loan at \$6.04 billion and debt repayment at \$5.171 billion for FY 1993-94; new loan at \$5.651 billion and debt repayment at \$5.546 billion for FY 1994-95; new loan at \$5.752 billion while debt repayment at \$6.052 billion for FY 1995-96 (this is the only year where the annual loan is smaller than debt repayment); and new loan at \$5.709 billion while debt repayment at \$5.314 billion for FY 1996-97.

We can see that the annual loan from IGGI/CGI continued to rise from FY 1989-90 to FY 1995-96, namely at \$4.298 billion, \$4.516 billion, \$4.755 billion, \$4.949 billion, \$5.112 billion, \$5.203 billion, and \$5.752 billion.

The government must issue a long-term balance of payment table, which does not stop at FY 1996-97, because then we will be able to observe the medium- and long-term position of our foreign reserves.

Our economy will be disrupted if we suddenly find our foreign reserves depleted. Other economic indicators may get worse, but they will not cause a sudden impact on our economy. The impact will be gradual.

Without clear and encouraging information available, each person will provide his own analysis and scenario. I can sense that many foreigners are beginning to paint a bleak scenario. Their way of thinking is very simple, namely Indonesia's foreign reserves can only be maintained by an inflow of foreign capital, not by an increase in export against import. They believe that investment in Indonesia is risky due to a high current account deficit, an overheating economy, a high inflation rate, rupiah depreciation, declining exports, increased prices of all imported goods, especially consumer goods.

They will begin to think that Indonesia's economy can survive because they bring in their capital. This is not compatible with the idea that they invest in Indonesia because the country is an attractive investment destination. They will begin to sense this bizarre situation. This situation may reduce the inflow of real investments and cause the flight of portfolio investments. A country's increase in imports is not a process that can be stopped suddenly. Similarly, a decline in exports is not a process that can be reversed suddenly and drastically.

Therefore, the government should counter the negative trend with an explanation based on realistic figures. What the finance minister said at the 13 February parliamentary hearing is totally inadequate, and the government must issue a detailed and convincing explanation on the long-term projection of our foreign reserves.

Indonesia: Irregularities at Aircraft Industry Reported

96SE0022B Jakarta SUARA KARYA in Indonesian
2 Feb 96 p 3

[FBIS Translated Text] Bandung (SUARA KARYA)—A case of misuse of 372.27 million rupiahs in state funds at the IPTN (Nusantara Aircraft Industry) has reportedly been turned over to the PTUN (State Business Court), following a complaint presented by an official of the IPTN, which comes under the BUMN [State Enterprise Board], to the LBH [Legal Aid Body] in Bandung on 1 February.

Asep Rukmana (35 years of age), an employee of the IPTN in the Building Manager and Maintenance Section, asked for legal protection from the LBH in Bandung because he was threatened with dismissal from his job and was routinely threatened by a number of IPTN employees. They reportedly said that Asep Rukmana was spreading reports that the IPTN is about to collapse. The firm has about 16,000 employees.

As has already been reported (in SUARA KARYA on 4 January), the charge of misuse of 372.27 million rupiahs in state funds has shaken the IPTN. This case emerged after Engineer G. A. S. [only initials given], the chief of Planning and Budget Facilities as well as secretary for auction affairs was installed in office as assistant director of facilities in December 1995.

Complaints were made three times by Asep Rukmana about Engineer G. A. S. to Dr B. J. Habibie, managing director of the IPTN and minister of state for research and technology, regarding the misuse of state funds in the handling of an auction package. Asep's report to the minister of state for research and technology was based on the findings of the Special Research Team of the West Java branch of the BPKP [Finance and

Development Supervision Board] and the instruction of the chief of the central branch of the BPKP to the BPIS (Strategic Industry Development Board) in April 1995.

Because of these allegations it was requested that Engineer G. A. S. should be punished administratively and that his appointment as assistant director of facilities should be canceled. However, strangely enough, in the middle of December 1995 Engineer G. A. S. was appointed assistant director of facilities of IPTN and a member of the Project Development Team for the new, N-250 aircraft.

LBH Complains to the Attorney General

Regarding the complaint of Asep Rukmana, Mrs Melani, director of the Bandung office of the LBH [Legal Aid Body], said that her office will send a letter to the attorney general because the West Java provincial prosecutor's office has taken no action on this case. In fact Asep Rukmana sent copies of his three letters of complaint to Minister of State for Research and Technology Habibie to the vice president, the minister of finance, the chairman of Parliament, and the attorney general.

Mrs Melani said: "Properly speaking, the provincial public prosecutor's office should have conducted an investigation on its own initiative. Therefore, we will send a letter as soon as possible to urge the attorney general to investigate the charges."

The director of the LBH in Bandung considers that the IPTN has acted arbitrarily because it has exerted pressure on Asep and threatened him with dismissal from his job.

Melani said: "This has created a bad precedent for the people. They will be afraid of reporting cases of corruption which come up around them."

She also expressed interest in a false statement by an IPTN official, who said that "the misuse of funds" at the IPTN was a small matter because the value was very little, compared to the assets of the well known State Enterprises Board.

She emphasized: "We do not consider the value. Whatever the amount involved in a case of corruption, firm action must be taken. Furthermore, this involves state funds which, note well, are the property of the people."

On this basis, Melani continued, the Bandung office of the LBH is prepared to turn the case over to the PTUN (State Business Court).

Meanwhile, Asep Rukmana told reporters that since he presented this case to the managing director of the IPTN, he has been routinely threatened by a number of senior

officials of the IPTN. The climax took place after the case was reported in the newspapers.

Asep Rukmana, who is the father of three children, was not only subjected to abusive language but was also threatened with dismissal from the IPTN. Apart from not having clearly defined duties at the IPTN, he receives, as a matter of routine, at least 20 anonymous telephone calls per day.

Asep said: "Indeed, on 8 January I was ordered to sign a letter containing empty promises. However, I refused to do so. On 23 January I was threatened and accused of having 'exposed' Minister Habibie. It has also been said that it is no longer proper for me to work at the IPTN. In my report I only sought to help Minister Habibie and save the IPTN from destruction."

Indonesia: Parliament Member Questions Safety of Nuclear Plant

*96SE0022C Jakarta KOMPAS in Indonesian
3 Feb 96 p 1*

[FBIS Translated Text] Jakarta, KOMPAS—Djali Ahimsa, the director general of BATAN [National Atomic Energy Agency], directly admitted that he did not wish to answer a question from a member of Parliament about what BATAN was doing, on the grounds that the president of Indonesia in the year 2003 might refuse to approve the operation of the Nuclear Electricity Generator (PLTN), which will begin to be built in 1998.

However, after testifying before Committee X of Parliament on 2 February Djali expressed his conviction to reporters who asked the same question that any government in power in Indonesia would certainly agree to the operation of the PLTN.

Djali said: "I deliberately did not answer this question in my testimony because I consider it a political question." He asked: "Why should I answer a political question? However, I am convinced that any government in power in Indonesia would certainly agree to the operation of the PLTN."

Suratman (of the Indonesian Armed Forces Faction in Parliament) is deputy chairman of Committee X and presided over the committee at this session. The member of Parliament who asked this question was not interrupted by Suratman when this member asked whether anything had been left out by the director general of BATAN when he gave his answer.

In his question this member of Committee X asked whether, at the time the construction of the PLTN is begun in 1998, the matter will be considered in a mature fashion. If construction of the PLTN begins in 1998, its

operation will begin between 2003 and 2004. At that time it would not be impossible that there might be a change in president. The problem is that, if the next president should refuse to allow the PLTN to go into operation during his term of office, wouldn't the billions of U. S. dollars involved in its construction have been wasted?

Continuing his argument, the member of Parliament related it to the case where the construction of a PLTN in the Philippines was canceled. The nuclear generator was planned during the administration of President Ferdinand Marcos. The construction of the PLTN on the Bataan Peninsula was finally canceled by President Corazon Aquino, on economic grounds. The Indonesian member of Parliament asked: "Will we be able to pay installments of \$350,000 per day, as is being done by the people of the Philippines?"

However, according to Djali, director general of BATAN, the cancellation of construction of the PLTN will not happen in Indonesia, as it did in the Philippines. This is because, at that time, the PLTN was the only economic, nuclear electricity generator. Djali told reporters: "Furthermore, this will no longer be my business. Perhaps I will be dead by then."

Nuclear Waste Dump in Irian Jaya

Asked where BATAN plans to dispose of its nuclear waste, Djali stated that, at present, BATAN is studying two kinds of places for the disposal of nuclear waste from the PLTN. It is planned that temporary storage of the waste from spent nuclear fuel with a half life of 50 years will be carried out at the reactor itself. Meanwhile, a place for the storage of spent nuclear fuel with long lasting radioactivity is under study on uninhabited islands.

According to Djali, a large island is also under consideration for the storage of spent nuclear fuel with long lasting radioactivity. Djali said: "Irian Jaya is one alternative." Meanwhile, a KOMPAS source said that it is possible that a place for the storage of spent nuclear fuel with long lasting radioactivity may be located near Timika, in Irian Jaya.

Question of a Final Alternative

At the same session of Committee X Fritz Rajagukguk (from the Indonesian Democracy Party Faction in Parliament) asked Djali to clarify the meaning of the term, "final alternative," which was once mentioned by B. J. Habibie, minister of state for research and technology. According to Fritz, there was something unpleasant about the term "final alternative." Meanwhile, the results of research into other sources of energy, such as

coal and geothermal energy have not been made public. The government has stated that the construction of the PLTN will certainly begin in 1998. Fritz said: "So that the people will not be confused, I ask the director general of BATAN to clarify the meaning of the term, 'final alternative.'"

Djali indirectly answered Fritz. He only stated that since BATAN began to study other sources of electrical energy at the beginning of the 1980's, it has been concluded that energy from wind, waves, water power, and coal could not meet our electricity needs, particularly those of industry, by 2015. According to Djali, wind and wave power clearly cannot meet the energy needs for industrial electricity. Water power in Java, whose use has reached a maximum for the generation of electricity, also is no longer capable of meeting the demand for energy. It has been determined that coal, bearing in mind the matter of quality and the high level of waste associated with it, will not meet the necessary conditions.

In concluding its hearing on 2 February Committee X stated that, although it was described by the government as a "final alternative," after objective consideration the government will finally build the PLTN in 1998. Parliament asked the government to make a transparent statement to the public about planning, cost, and associated danger which may lead it to carry out this very large project. Committee X also asked the government to ensure that the construction of the PLTN is only undertaken after this project is approved by the people, acting through Parliament.

When he was reading the conclusions reached by Committee X, Suratman added: "And the system of payment should not be a burden for the people."

Meanwhile, Djiteng Marsudi, the managing director of PT PLN [State Electricity Corporation] told Committee VI of Parliament on 2 February that the PLTN should not be built as long as supplies of coal and geothermal energy are still abundant in Indonesia. He said: "We can only import fuel for the PLTN, such as uranium, from other countries, and this will make us dependent on other countries."

Jakarta Urged Not To Intervene in Social-Political Organization

96SE0017C Jakarta SUARA KARYA in Indonesian
1 Feb 96 p 1

[FBIS Translated Text] Jakarta (SUARA KARYA)—Soesilo Soedarman, the coordinating minister for political affairs and security, has stated that it is no longer necessary for the government to intervene in the inter-

nal affairs of community organizations (ORMAS) or of social and political organizations (ORSOSPOL).

After presiding over a working meeting held in Jakarta on 31 January on political and security affairs Soesilo answered questions from reporters. The reporters asked the coordinating minister for political affairs and security whether it was relevant for the government to intervene in the affairs of community or social and political organizations. Soesilo replied: "Well, whatever the case in the past, it is no longer relevant at this time for the government to intervene in the affairs of community or social and political organizations."

Soesilo recalled that the holy month of Ramadan [Muslim fasting month] was a very good time for those who call themselves leaders to reflect on the situation and to increase their self control and sense of mutual understanding in the framework of strengthening national unity and union and to be one in words and action.

Presidential Candidacy

Soesilo, who is also general chairman of PEPABRI, the Union of Heroes of the Indonesian Armed Forces, was asked for his views on the "united will" of the Indonesian Veterans Legion (LVRI) which was expressed on 29 January by Ahmad Taher, its general chairman. On that date Taher nominated President Suharto for an additional term as chief of state for the period from 1998 to 2003.

Reading from previously prepared notes, Soesilo said, among other things, that PEPABRI regarded the general session of the MPR [People's Consultative Assembly] in 1998 as rather far off into the future. PEPABRI emphasized its view that what is important is the development, the maintenance, and the creation of a stable system in a responsible and consistent way.

Soesilo said: "If another group wishes to nominate the president for another term, let it do so. GOLKAR [Functional Groups party] itself has not yet done this. PEPABRI, which also seeks to achieve its aspirations through GOLKAR, considers that it is not yet time for GOLKAR to consider this question. This can be done later at the general session of the MPR."

A reporter asked: "Does this mean that PEPABRI has not yet chosen its leader?"

Soesilo replied: "Whoa! It already has done so."

Secure Enough

The working session on political and security affairs was also attended by Ali Alatas, minister of foreign affairs;

Oetojo Oesman, minister of justice; Gen Feisal Tandjung, commander of ABRI; Attorney General Singgih; Soedibyo, chief of BAKIN [State Intelligence Coordination Board]; the director general of social and political affairs, representing the minister of home affairs; and the secretary general of the Department of Defense and Security Affairs, representing the minister of defense and security. The meeting concluded that the political and security situation was sufficiently secure and under control at this time.

Soesilo said that the political and security situation at the beginning of 1996 was sufficiently secure and under control. Although there have been no disturbances which cause concern, it is necessary to remain vigilant regarding political stability and security.

He said: "We pray that everything which happens during the 10 days of prayer which end Puasa [the final 10 days of the Muslim month of Ramadan] will be calm and secure, so that the Islamic community can calmly say its prayers at this time."

Soesilo said that this situation is due to the self control of the people and the readiness of the security forces. Soesilo, the coordinating minister for political affairs and security, added that he hoped that this reassuring atmosphere would last indefinitely.

Indonesia: ABRI Foresees No Security Problem in 1997 Elections

96SE0017B Jakarta SUARA KARYA in Indonesian
1 Feb 96 pp 3, 8

[FBIS Translated Text] Bandung (SUARA KARYA)—Gen Feisal Tandjung has stated that the political situation in Indonesia will heat up during the 1997 elections campaign. Tensions will flare up and cause ideological excesses if the agitation and propaganda activity continue and if the promises made by one of the organizations taking part in the general elections are not carried out.

If this should happen, ABRI [the Indonesian Armed Forces] has prepared itself to calm down any tensions which rise to the surface. It will seek to prevent disturbances which, it is feared, might affect the elections, which are a festival of democracy.

In an informal dialogue with students and faculty members of the ITB [Bandung Technological Institute], following Muslim prayer services at Salman Mosque at the ITB on the evening of 30 January, he said: "So ABRI is already prepared to provide security for the coming elections in 1997. Of course, we all hope that the 1997 elections will take place smoothly and in a secure way." Attending the program, among other officials, were Maj

Gen Tayo Tarmadi, commander of Military Area III/Siliwangi; Major General (Police) Dr Soebandy, chief of police of West Java; Col (Police) Dr Didi Widayadi, who holds a master's degree in business administration and is chief of police in Bandung; H. Ukmam Sutaryan, deputy governor of West Java; Wiranto Arismunandar, rector of the ITB; and the deputy rector of the ITB and the director of Salman Mosque at the ITB. Before the half hour, informal meeting with the students took place, Gen Feisal Tandjung took the opportunity to speak at Salman Mosque before thousands of persons who had made the pilgrimage to Mecca.

The commander of the armed forces hoped that the people would refrain from taking action which could make the situation more difficult and lead to negative excesses in connection with the 1997 general elections. In that connection ties of national unity and union must continue to be emphasized and become the spirit for carrying out this festival of democracy.

The commander of ABRI said: "We must always hold fast to the principles of unity and union because they are the symbols of those of us who feel a duty to ensure the orderly conduct of this o73 festival of democracy."

He expressed the hope that, "University students will contribute to creating a calm and cool atmosphere, and not the reverse of that. In essence, I ask the university students to help in providing security for the 1997 general elections."

Answering questions from university students concerning the past history of relations between ABRI and the Islamic community, which has created the impression that they have drifted apart, the commander of ABRI emphasized that such impressions are not at all true. ABRI has never dug a gulf between it and the Islamic community or created an atmosphere of disharmony. Even less has ABRI displayed an attitude of confrontation and opposition toward the Islamic community.

Major General Feisal said: "Although there may be some people who have acted in such a way, those are only individuals, not ABRI as a whole. Indeed, there are elements who have carried on activities in conflict with the law. ABRI has never prepared itself to display a confrontational attitude toward any group, especially the Islamic community, which is a majority in this country."

He also said that ABRI will act firmly toward elements who try to create disharmony with the goal of splitting national unity and union. Major General Feisal said: "If such efforts are made, we will act firmly, in accordance with the provisions of the law."

Scholars to Enter ABRI Ranks

On this occasion the commander of ABRI also spoke about the plans ABRI has to recruit scholars from a variety of disciplines to become officers. ABRI has considered this action because there is still only a small number of personnel with academic back grounds in the armed forces.

He said: "Within ABRI only 15 to 17 percent of the officers now on duty have academic backgrounds. At most, they have been promoted from the enlisted ranks, were non commissioned officers, or gained prestige from such a background. In the United States military personnel with college backgrounds include up to 60 percent of the total."

He stated that another problem is the small number of police personnel. At present Indonesia only has 170,000 police, who must serve 200 million people. This makes a ratio of one police man for every 1,000 people. The ABRI commander said: "The ideal is one policeman for every 175 people. Now, to reach that goal, ABRI is trying to undertake recruitment of personnel in all areas of the country."

Indonesia: Interior Minister on 1997 Election

96SE0022A Jakarta SUARA KARYA in Indonesian
2 Feb 96 pp 1, 8

[FBIS Translated Text] Medan (SUARA KARYA)—Dr Suardi Memet Yogie, minister of the interior, has evaluated two issues which will develop during the 1997 general election campaign. That is, the demand that the general election be held in an honest and just way and the crisis in the East Java branch of the PDI [Indonesian Democracy Party]. These issues have been used in an effort to place the government at a disadvantage. Yogie said in Medan on 1 February: "These two issues have been used by certain groups to place the government at a disadvantage while winning the sympathy of the people."

According to the minister of the interior, in his speech to persons attending a meeting with officials of the North Sumatran provincial government, the issue of the East Java branch of the PDI has been used to place the government at a disadvantage. In fact, the question of the East Java branch of the PDI is an internal matter for this political group. Yogie said that, for this reason, it is the leadership of the PDI which must resolve the question itself.

The minister of the interior added that the effort to resolve this matter within the PDI is due to the fact that the provincial government really does not want to have discord within the area. In Yogie's view this question

can still be resolved legally and by emphasizing the principle of consultations to reach a consensus.

However, the minister of the interior warned that the effort to resolve the problem facing the East Java branch of the PDI should not interfere with the schedule for holding the general election. He said: "The schedule for holding the general election should not be set aside."

The minister of the interior, who is also chairman of the LPU (General Elections Committee), said that if the schedule for holding the general election is not followed, it will affect various aspects of the general election as a whole. If one phase does not go forward smoothly, subsequent phases will be disturbed. The longer this process goes on, the more difficult the situation will be.

Honest and Just

According to Yogie, the issue of honest and just elections, which is often used to place the government at a disadvantage, is not provided for in the laws and regulations on general elections, which have been continuously amended to improve the quality of the general elections. He said: "A substantial reason why this issue has not been provided for is that the meaning of the term 'honest and just elections' is included in the fundamental principle of 'LUBER' (Direct, Public, Free, and Secret Elections)."

Indeed, Yogie added, the fundamental principle of "LUBER" is broader and more directly related to the manner of carrying out general elections than the term "honest and just elections" itself. At present the term "honest and just elections" is emerging as a political issue used by certain, political interests and is more of a propaganda term.

It is because of that, Yogie stated, that the government should pay attention to more specific questions, particularly how to ensure high quality in implementing the "LUBER" principle. He added: "Raising the quality of implementation of the 'LUBER' principle will be clearly reflected in the quality of carrying out the general election as a whole."

The minister of the interior added that the efforts of the government to carry out the general election and to create an "honest and just" atmosphere is in accordance with the explanatory section of Paragraph 3 of Government Regulation No 10/95 concerning the implementation of Law No 15/69 on general elections. The "LUBER" principle is included in the meaning of "honest and just elections." In Paragraph 3 it is stated that general elections shall be carried out, based on Pancasila [Five Principles of the Nation] Democracy by ensuring that the people cast their votes in a "direct, public, free, and secret" way (LUBER).

Yogie continued that, in addition, improvements in the quality of the next general election should also be accompanied by the conduct of a quality campaign, including a quiet week before the ballots are cast. A quality campaign needs attention, the minister of the interior said, so that it will be possible for the people to choose in a rational way which social and political organization shall be elected. Yogie said: "This is because the voter believes that the party which he votes for really will fight for his aspirations and will improve the welfare of the people."

He emphasized that, to do this, the general election campaign needs to present working programs and to nominate leaders who are trusted by the people. Emotions should not be stirred up, nor should other candidates or political opponents be ridiculed. The minister of the interior said: "Emphasizing what is good is better than blackening the reputations of other people."

In this connection the minister of the interior welcomed the introduction some time ago of the idea of a campaign dialogue. Although this concept may not be fully implemented in the coming general election, nevertheless an effort in this direction, in his view, should begin to be made.

In another part of his speech the minister of the interior also recalled that the next general election will present a major challenge in connection with the emergence of the issue of openness. In addition, there is an increasingly high level of political awareness among the people and a growing number of regulations affecting political life. We can vote in accordance with the emergence of global themes.

These conditions and situations bring their benefits, because the people are more critical in making their choices. However, this critical attitude contains its own challenges in the form of a desire to change various administrative rules which currently exist. The minister of the interior said that even the government has tried to make changes. However, there is still dissatisfaction among various groups.

Philippines

Manila Invites APEC Leaders to Summit; Panel Meets

*BK1202075296 Manila MANILA BULLETIN
in English 12 Feb 96*

[Unattributed report — received via Internet]

[FBIS Transcribed Excerpt] President Ramos invited yesterday the leaders of the 17 Asia-Pacific Economic Cooperation (APEC) countries to the 4th APEC Leaders meeting on Nov. 25 at Subic Bay.

"I look forward to welcoming you there," the president said in letters to the heads of the 17 APEC member economies.

Mr. Ramos requested the APEC leaders to submit the initial drafts of their action plans at the earliest possible time to allow for appropriate consultation among member economies to refine and finalize these plans.

The Philippines, as APEC chairman this year, is assigned to implement the Osaka Action Agenda approved in last year's APEC summit.

"We envisage that our implementation efforts should be presented to us for our consideration in a single document, the Manila Action Plan for APEC (MAPA 1996)," the president wrote.

The president also set forth in his letters the other elements of APEC's tasks in 1996:

- The need to organize and coordinate APEC goals for the World Trade Organization Ministerial Conference in December this year.

- Integration of the private sector in the APEC process beginning with the early appointment of representatives to the APEC Business Advisory Council (ABAC) to hasten the inaugural meeting of the new organization.

The president expressed the hope that all the APEC members will advance work on two major issues raised in previous leaders' meetings — a framework for development cooperation and on the related issues of population, food, energy, and the environment.

Mr. Ramos expressed his wish that "all our APEC partners will give the Philippines their full support, cooperation, and understanding in the course of our APEC hosting this year."

He said that the Department of Foreign Affairs (DFA) will be progressively informing their missions in Manila on the preparations for the 4th APEC Leaders Meeting.

In the letters, the president personally commended former Japanese Prime Minister Tomiichi Murayama "for his astute stewardship of APEC in 1995," and all the other APEC leaders "for their firm endeavor and wisdom in bringing about a new era in our relationship which is a model the whole world can emulate." [passage omitted]

Economic panel

The Asia-Pacific Economic Cooperation (APEC) Economic Committee met yesterday for the first time this year to work on the preparation of an overall regional economic outlook for APEC in 1996.

Committee Chairman John Curtis said that the regional economic outlook for the Asia-Pacific region for 1996 and the medium-term prospects for economic development will be prepared by the United States of America.

Under the APEC setup, the report of the economic committee is done by a volunteer member economy every year. Japan published the 1995 APEC regional outlook report last year.

The report, which will consider all the 18 different perspectives of APEC member economies, will provide a forecast and identify challenges which the Asia-Pacific region will face within the next five years. It will be used to evaluate and indicate possible courses of action that APEC can take in pursuing its vision of open trade and investments in Asia-Pacific by the year 2010 for developed economies and 2020 for developing economies.

Among the topics that go into the report are prospects for sustainable development, labor-market development, financial market development and other considerations that influence medium-term developments.

According to Curtis, other projects of the economic committee include reports on sustainable development, particularly on the economic instruments that affect the environment to be prepared by Canada; information security within APEC to be done by Korea; role of infrastructure in development and prospects of growth to be done by Indonesia; impact of trade liberalization to be prepared by Japan; impact of investment liberalization to be done by Chinese Taipei; and labor migration among APEC member economies to be prepared by Hong Kong.

The reports will provide technical and analytic studies to help senior ministers and, later, APEC leaders define what the most important concerns APEC must focus on in facilitating economic cooperation and growth in the region. The studies have different time tables in the medium-term.

The economic committee meeting ends today.

APEC is composed of Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America.

Philippines: EC Envoy on Project To Boost Business Cooperation

BK2202030496 Manila BUSINESS WORLD
in English 22 Feb 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] While European and Asian leaders swap ideas on how they could invigorate economic ties between the two regions at the Asia-Europe Summit Meeting (ASEM) in Bangkok next month, the European Commission would like the leaders' rhetorics to trickle down to the private sectors of both continents by improving commercial contacts between them. Ambassador Candido Rodriguez of the European Commission (EC) delegation in Manila said an "ambitious project" called Asia-Invest, which will cover the Asia Pacific region, will soon be launched to provide technical and financial support to business cooperation between European and Asian firms. This project, said Mr. Rodriguez, will help create an environment that is more favorable to trade and investment for both European and Asian companies. "The fact is that with Asian markets for both capital and consumer goods growing rapidly, European companies, particularly small and medium-sized ones, must be more active in Asia if they are to seize business opportunities as they arise. They must become more globally competitive and safeguard jobs in Europe," Mr. Rodriguez told BUSINESS WORLD.

Philippines: Piracy, PRC-Taiwan Tension Concern Ramos

BK2202051396 Quezon City Radio Filipinas
in English 0230 GMT 22 Feb 96

[Weekly news conference by Philippine President Fidel V. Ramos with domestic and foreign correspondents at the Malacanang presidential palace in Manila on 21 February — recorded]

[FBIS Transcribed Excerpt] [Passage omitted] [Ramos] In regards to the safety at sea problem in the South China Sea — and I am referring to piracy — I am notably concerned that we have endured or we have been subjected to [words indistinct] incidents in the past couple of years of illegal entry, poaching, smuggling, piracy, and other lawless activities within Philippine waters and within the Philippines exclusive economic zone under the UNCLOS, the UN Convention on the Law of the Sea.

And I note that the Philippines is not alone in facing this problem; this dilemma of increasing lawlessness in [word indistinct] area of the South China Sea. And so, while we are taking resolute steps to reinforce our own autonomous capabilities to patrol and police the whole

of Philippine territory, we nonetheless believe that there is sufficient common ground for all the countries in this region — in this part of Southeast Asia — to consider catering to some consultations on how to cooperate in fighting piracy and other lawless acts. These problems are transnational in nature and therefore cooperative consultations leading to cooperative action is necessary.

I have instructed the agencies of the Philippine Government, headed by the Department of Foreign Affairs, to explore all the possible areas of diplomacy and research and law enforcement so that we can provide a stronger common ground and front against piracy and other lawless acts in the sea. Okay?

Now I also am very concerned about the present developments in the Taiwan Straits. The Philippines believes in the peaceful resolution of any problem that may exist across the Taiwan Straits, and we value highly the climate of peace and stability to rule over our region of Asia-Pacific. I would, therefore, be very, very concerned as Philippine president should there be anything that would disturb the peaceful atmosphere in our region. [passage omitted]

Philippines: Malaysian Fishermen Face Illegal Entry Charges

BK2202062896 Quezon City Radio Filipinas in English 0230 GMT 22 Feb 96

[FBIS Transcribed Text] Charges of illegal entry will be filed against 25 Malaysian fishermen caught last week in Philippine waters. This was announced by Senior Superintendent Marcelo Emes, police director for Palawan Province. Emes said the Malaysians were seized Friday [16 February] by the Navy on a fishing ship near [word indistinct] Shoal off Palawan, 590 km southwest of Manila.

Commodore Jose Divinagracia of the Naval Command in Puerto Princesa said a Navy patrol cornered the Malaysian ship several kilometers east of South Mangsee Island, where another patrol had seized an Indonesian fishing boat with 13 men on board 13 February. The Indonesian intruders were charged with illegal entry and poaching and are being detained at the Palawan Provincial Jail in Puerto Princesa. Divinagracia said live fish were found inside the Malaysian ship, licensed under the name of Mardiya B.T. Abdulwahin of Malaysia.

It was the third foreign vessel to be seized by the Philippine Navy this month. In early February, Navy patrol seized a suspected pirate ship manned by 20 mainland Chinese off the coast of Zambales, about 110 km northwest of Manila. Authorities believed the ship is among the number of pirate ships preying on cargo

vessels using Subic Free Port in former U.S. naval base west of Manila. With a weak Navy and Air Force and a vast coastline, the Philippines is vulnerable to intrusions by smugglers, pirates, and illegal fishermen.

Thailand

Thailand: EU Concerned Over Asian Ministers ASEM Participation

BK2102041496 Bangkok BANGKOK POST in English 21 Feb 96 p 26

[Report by Nutsara Sawatsawang]

[FBIS Transcribed Text] Some European Union nations have voiced concern over plans by some Asian countries to send their economic ministers to the Asia-Europe summit [ASEM] in Bangkok next month.

The EU has made it clear that economic ministers from its member countries will not be coming to the summit.

Ten Asian economic ministers, meeting last week in Chiang Rai, decided that they should join their countries' foreign ministers at the summit, and that Japan should host a follow-up meeting early next year.

Ten Asian leaders — seven from ASEAN nations plus China, Japan and South Korea — and 15 leaders from the European Union plus representatives of the European Commission, will meet in Bangkok on March 1-2.

At least five Asian countries — Thailand, Malaysia, the Philippines, Japan and China — have confirmed that their economic ministers will attend the summit, according to Aphinan Phawanarit, Director-General of the Foreign Ministry's European Affairs Department.

Brunei and Indonesia have not decided whether they will send their economic ministers.

Some EU diplomats briefed by Mr Aphinan, while not opposed, expressed "surprise" over the plan by the Asian side just two weeks ahead of the summit. They said it posed some practical problems, including whether the format of the meeting would be changed, said a ministry source.

The original proposal, which excluded economic ministers, was based on the EU structure in which the foreign ministers take overall responsibility through the Council of Ministers.

But Mr Aphinan was quoted as saying that the opportunity has never been closed to anyone, meaning economic ministers could attend.

The EU is also said to be leery of the proposed follow-up session in Japan next year, in which economic ministers will play an important role.

The European Commission, under the EU structure, has limited responsibility. It is empowered to deal only with trade and multilateral cooperation, and certain fields assigned by the European Council.

"The question is, what topics will be raised and what will the EU do if the Asian side proposes anything? If the matter is concerned with finance, industry or international trade, who will deal with it since there is no counterpart from the EU side?" the source quoted one EU diplomat as saying.

Thailand: Article Previews Two-Day ASEM Summit

*BK2102105596 Bangkok THE NATION in English
21 Feb 96 p A4*

[Article by Yindi Loetcharoenchok: "Europeans See East Asia in a New Light"]

[FBIS Transcribed Text] Next week Bangkok will welcome the arrival of 25 Asian and European Union leaders for a landmark summit that will provide them with an unprecedented opportunity to shape the new direction and goals of bilateral relations and cooperation between East Asia and Europe.

The two-day summit on March 1 and 2, officially called the Asia-Europe Meeting (ASEM), will see the participation of heads of state and governments of the 15 member states of the European Union as well as the European Commission, the seven-member ASEAN, China, Japan and South Korea.

ASEM is taking place at a crucial time. The European Union is in the process of integrating itself into a single market and incorporating more prospective members from the Nordic and former Eastern bloc countries.

East Asia, with its impressive success as the world's fastest growing economy, has strengthened its global political standing and attracted potential trading and investment partners from North America, Australia and New Zealand.

The importance of East Asia in a changing world of fierce economic competition and emerging regional groupings has captivated Europe's attention.

For the Europeans, it is a matter of economic survival, for failure to integrate their economies with East Asia and open their markets could spell their doom.

The recognition of Asia is reflected in the call within Europe to look at the Far East in a new light. "Towards a

New Asia Strategy," a policy document drawn up by the European Commission in July 1994 and subsequently endorsed by the European Council and the European Parliament, urges Europe to increase its economic presence in the region and to strengthen Asia-Europe political relations.

Despite the existing links with East Asia through the annual ASEAN ministerial meetings, Europe's greater desire to improve its relations with Asia is further reflected by the fact that French President Jacques Chirac is planning to unveil France's new Asia policy on February 28 in Singapore during a 24-hour stopover before his flight to Bangkok.

Chirac has chosen Singapore to declare his policy statement to honour the island republic for initiating the Asia-Europe summit.

The initiative emerged from an October 1994 meeting of the World Economic Forum in Singapore when 500 top European and East Asian business people and officials agreed that a summit would help strengthen their relationship and broaden cooperation between the two continents. The late French President Francois Mitterrand welcomed the proposal of a summit during a meeting with Singapore Prime Minister Goh Chok Tong in Paris, when the latter was visiting France.

Mitterrand promised Goh that he would seek support from other EU members. The idea later won approval and strong support from Germany's Chancellor Helmut Kohl, who himself led the largest German contingent of high-ranking officials and top businessmen and investors to visit China, Japan, Singapore and Vietnam in late 1995.

At the ASEM, Chirac will announce France's intention to agree to the 1976 ASEAN Treaty of Amity and Co-operation, through which it wants to obtain independent status at the ASEAN Regional Forum (ARF).

The EU has taken part in the ARF as one voice but France, along with England and Germany, has sought a separate and independent seat from the EU identity.

For Asia, ASEM will bridge the missing link in economic ties between the two continents.

Parallels now can be drawn between the Asia-Pacific Economic Cooperation (APEC) forum and the ASEM. Through APEC, East Asia has pursued regular and close economic dialogues with North and Central America, Australia and New Zealand.

The 10 Asian countries also hope that ASEM, like APEC, will develop into a platform where both regions can strengthen their economic, political and social

relations and cooperation in the spirit of building a new "Asia-Europe Partnership for Greater Growth."

They also expect the strategy to serve as a balance for East-Asia's economic and political relations with Europe and America.

Since ASEM's inception over a year ago, high-ranking Asian and EU officials have been working on the format and agenda of the forum as well as the representation of both sides at the event.

As ASEM host, Thailand has heavy responsibilities. Besides taking care of logistics and security for the leaders, it also has to look into physical arrangements such as hotel accommodation and arranging for simultaneous translation of the 17 languages that will be used during the summit.

The officials have warned against expecting too much from the historic event, arguing that the first-ever gathering of top leaders of the two continents is already of historic significance in itself.

The summit will be an informal gathering with no fixed agenda where the leaders will be allowed to raise any topics they are interested in and discuss them in a manner of free exchange of views and opinions.

Officials from the two regions, however, have worked out a rough "indicative list of topics" to guide the forum.

The 15 European Union member states will have the European Commission President Jacques Santer speaking on their behalf on EU economic policy and activities, while their heads of state and government will handle political, security and social issues.

Asian officials believe they have secured a guarantee from EU members that they will not raise "sensitive and controversial issues" that could jeopardize the ASEM.

Several Asian participants, including China, Indonesia and Malaysia are concerned that some European countries, which have strongly criticized them for human rights abuses, environmental degradation and cheap labour exploitation among others, would raise those issues at the summit.

The three Asian countries have threatened to reciprocate by raising similar abuses and cases of environmental depletion by the Europeans. They are also against the EU economic policy to incorporate social clauses in trade agreements, linking human rights abuses and labour rights violations with business deals.

According to senior Thai foreign ministry officials, the ASEM leaders will only touch on broad subjects without going into details.

They insist that EU members have assured them during several rounds of preparatory meetings in Europe that their leaders will not single out any country on "those sensitive issues" during the ASEM.

Speaking early this week, an ASEAN diplomat who is familiar with EU and American affairs, said he believed that EU would apply "a different approach from the US" when dealing with Asia on sensitive issues including human rights violations.

Instead of blatant and head-on criticism, EU members will be "more tactful" and most likely not point at any Asian country over problems of human rights and environment, he said. "The EU countries want to create a new image and to impress Asia. They will approach countries like China differently from the US, and that will indirectly send a message to the Americans that we [EU] know best how to deal with Asia" said the diplomat.

The "indicative list" will cover three topics ranging from the promotion of political dialogue between Asia and Europe, the reinforcement of economic cooperation, and the promotion of cooperation in other fields such as human resource development, anti-terrorism and anti-drug trafficking campaigns and promotion of mutual cultural understanding.

There will also be sub-topics like the review of the political and security situation in the two continents, UN reforms, arms control and nuclear non-proliferation and the strengthening of multilateralism, focusing on the World Trade Organization and the promotion of open regionalism.

Strong emphasis will be on increasing cooperation between the business and private sectors in the two regions. Most of the preparatory work including agreements that should come out of the ASEM have already been completed by the Asian and EU senior officials and foreign and economic ministers.

Among others, both sides consider ASEM not to be a "one-shot" forum and have agreed on follow-up summits, with the next one to be held in England in early 1998 and the third in South Korea.

ASEM will agree to strengthen economic cooperation and the role of the business and private sectors by establishing an Asia-Europe Business Forum. Thailand, which has proposed the establishment of an Environmental Technology Centre, will get the green light for the initiative from the 26 leaders.

Prime Minister Banhan Sinlapacha has a heavy responsibility on his hands, trying to make sure that the

meeting proceeds smoothly. The businessman-turned-politician, who worked his way up from a small shop-house owner to a millionaire controlling the country's largest political party, has taken it as his personal responsibility to host the ASEM.

Banhan is proud that three summit events — the ASEAN summit, the 10-member Southeast Asian summit and lastly the ASEM — will have taken place in less than a year of his premiership.

He will chair the whole ASEM meeting and is responsible for the chairman's statement — the final and only document expected from the Asia-Europe Meeting.

Thai Official Says Greek Premier Not To Attend ASEM

BK2002055696 Bangkok BANGKOK POST in English 20 Feb 96 p 6

[Unattributed report]

[FBIS Transcribed Text] Greek Prime Minister Kostas Simitis will join European Union leaders from Spain, Sweden and Denmark in not participating in the March 1-2 Asia-Europe meeting [ASEM] to be held in Bangkok, a senior foreign ministry official confirmed yesterday.

The Greek Government recently informed host country Thailand that Premier Simitis would not be attending the meeting, without giving any reason.

It is believed, however, that the cancellation by the Greek premier is related to the recent confrontation between Greece and Turkey over an island in the Aegean Sea.

But another official commented the Greek leader, who took office only last month, has not paid much attention to the historic meeting.

Ten Asian and 16 European leaders from the European Union and European Commission originally scheduled to meet in Bangkok.

The meeting will explore ways to strengthen cooperation between the Asian and European regions.

Thai Police Arrest Japanese Cult Member

BK2002143596 Bangkok Radio Thailand Network in Thai 1200 GMT 20 Feb 96

[FBIS Translated Text] Since Thailand will host the summit of Asian and European countries on 1 and 2 March, many foreign leaders and mass media representatives will be arriving in Bangkok. Police Director General Police General Phot Bunyachinda has instructed the Immigration Division to be vigilant in checking ar-

riving foreigners as a precaution against any acts of terrorism. On 19 February, Police Lieutenant General Kittisak Praphawat, head of the Immigration Division, received information from the Japanese Embassy noting that members of the Aum Shinrikyo cult, which was involved in gas attacks and the murder of a police chief in Japan, have arrived in Thailand, and that they could be on a mission to carry out terrorist activities or murder during the summit.

Aided by that information, police arrested Keijiro Ota at the northern bus terminal while waiting to board a bus to Chiang Rai. Documents were also seized from Ota. Japanese Embassy officials participated in questioning Ota, and confirmed that Ota is a member of the Aum cult, and is on Japan's wanted list on charges of fraud. Thai police will coordinate further with the Japanese Embassy to extradite Ota for trial in Japan.

Thai Police Claim Japanese Cult Suspect Linked to ASEM Plot

BK2102035996 Bangkok BANGKOK POST in English 21 Feb 96 pp 1, 3

[Unattributed Report]

[FBIS Transcribed Text] A Japanese man arrested as a member of the Aum Shinrikyo cult was being detained in Bangkok, police said yesterday.

But Japanese embassy officials said they were unaware of any alleged involvement by Keijiro Ota in the cult, saying he was wanted on extortion charges.

Ota, 51, was arrested as he stepped off an air-conditioned bus from Chiang Rai at Mo Chit bus terminal, Bangkok, on Monday evening.

Police claimed Ota was linked to a plot to attack leaders at the Asia-Europe Meeting on March 1-2, but the Japanese embassy described him as a confidence trickster.

Ota denied any link to the cult, saying he was merely a tourist.

Police seized his passport, his Sakura Bank passbook, a passport of a Japanese woman identified as Eiko Kawai, two credit cards in the name of Ms Kawai, some Indian and Philippine banknotes, a pair of handcuffs and 10 sheets of Japanese documents.

Immigration Police Bureau commissioner Kiatisak Praphawat said the police believed a letter found on Ota contained secret codes used among members of the sect. The Japanese embassy, however, suspected the material was used by Ota during a number of confidence tricks.

The letter, dated Feb 16, read: "Please send Ms Kawai back home to her parents in Japan. I have found her."

Police were trying to break the codes, said Pol Lt-Gen [Police Lieutenant General] Kiatisak, who claimed the arrest was made with cooperation from the embassy.

Acting on an embassy tip, he said, four police task forces were deployed at Don Muang airport and Mo Chit bus terminal. Photographs of Ota were distributed to immigration checkpoints across the country.

Officers at the bus terminal had waited until Ota appeared at 6 p.m. and arrested him after being informed by the Padang Besar immigration office that a Japanese cult member had arrived on Feb 1 and declared in an entry form that he would travel to Chiang Rai.

Pol Lt-Gen Kiatisak said Ota had made several trips between Thailand, Malaysia and the Philippines. While in Thailand, he frequently went to Chiang Rai.

Pol Lt-Gen Kiatisak said Ota had confessed to having been a member of Aum Shinrikyo or Supreme Truth sect which was linked to a deadly sarin gas attack at a Tokyo subway station last March.

The police, however, had failed in their attempts to arrest more suspects in Chiang Rai.

Pol Lt-Gen Kiatisak said three police teams launched simultaneous raids on three houses in Phan district but found nothing other than a picture of a Japanese who had returned to his country.

Pol Lt-Gen Kiatisak said the immigration police are now hunting seven or eight cult members hiding at hotels in Bangkok and the provinces.

He said he believed Tasuo Hayashi, who killed the Japanese National Police Agency chief last year, could also come to Thailand to attack Japanese leaders at the meeting.

Police Director-General Phot Bunyachinda said the arrest of Ota proved the Thai police are paying serious attention in maintaining security for leaders of 25 countries in Asia and Europe who will attend the summit.

A Japanese embassy official said Ota had committed several crimes in Japan and was the subject of an arrest warrant for fraud. The embassy had revoked Ota's passport and was coordinating with the Police Department in deporting him to Japan.

Pol Gen [Police General] Phot said cult members carried handcuffs, which were a symbol of death. He said the police have a list of 18 cult members and Ota was the first arrested.

Pol Gen Phot identified seven of them, who are not allowed entry, as Naoko Kikuchi, Kouichi Kitamura, Katsuya Takahashi, Makuto Hirata, Satoshi Matsushita, Tasuo Hayashi and Zonji Yakisawa.

He said the police are checking information that terrorists of other countries also planned to come to Thailand posing as tourists.

The Special Branch Bureau had supplied information and pictures of more than 100 people suspected of posing a threat to the leaders to the immigration police to block their entry.

The police will meet today to review their security plans.

Thailand: European Arms Manufacturers Target Military for Sales

*BK2102035896 Bangkok BANGKOK POST
in English 21 Feb 96 p 5*

[Report by Micool Brooke]

[FBIS Transcribed Text] Thailand has become a battle field for rival European defense manufacturers and contractors seeking to supply the Armed Forces with modern weapons systems in exchange for a generous slice of the 1996/97 100 billion baht defence budget.

European defence industries, ailing since the end of the Cold War, have opened their inventories to Asian and Middle East countries where defence budgets continue to expand as a result of growing economic prosperity and the need to protect natural resources. The Asia-Pacific region spent at least \$470 billion on arms in 1993.

Such has been the European arms' manufacturers onslaught against Thailand that Army Commander-in-Chief Gen Pramon Phalasin said he had been chasing away foreign arms traders with a big stick.

Gen Pramon was reportedly shell-shocked after learning that several arms traders had resorted to any means to win a contract to supply the Army with weapons, such as the replacement rifle for 100,000 M16A1s.

Some of the arms traders even accused the army of irregularities in awarding certain contracts and often insisted that bids be recalled in the interests of openness.

It has also been noted by the military that 32 foreign arms manufacturers now have agents and contractors based here in Bangkok to keep their fingers on the pulse of the arms race.

The military attache of a Western embassy in Bangkok noted with irony that arms traders rarely respect codes

of ethics because big defence contracts justify any tactic, however unscrupulous.

Unrestricted submarine warfare has also been waged here by European shipbuilders competing for the 17-billion-baht contract to supply the Royal Thai Navy with two diesel-powered submarines.

Hans Saeger, the president of the German Submarine Consortium [GSC] which is offering the Type 209 sub, was in Bangkok recently to deliver a verbal depth-chARGE on rival Kockums's Gotland A-19.

He said he had come to Thailand to defend GSC from allegations made by a rival shipbuilder that the Type 209 was an old submarine offering 25-year-old technology.

Kockums's president, Per Johason, just happened to be in Bangkok "on a fact-finding mission" and fired his own torpedo in self-defence at GSC, claiming an agent of a rival firm had provided a Swedish peace activist with misinformation to embarrass the Thai Government in the hope of torpedoing the Swedish company's chance of winning the U-boat contract.

The skies over Thailand have in recent weeks have also seen fierce dog-fights between McDonnell Douglas, the maker of the F/A-18 Hornet, and Lockheed Martin's F16 Fighting Falcon.

Both U.S. companies appear to be locked in a price war with the winner likely to supply the Royal Thai Air Force [RTAF] with a squadron of fighters. Lockheed Martin, which is presently delivering to the air force a second squadron of F-16ABs, is offering its aircraft at \$25 million each compared to the F/A-18 at \$35 million.

Both these companies bombed BANGKOK POST and other media organisations daily with faxes and press releases pointing out the value and worth of their respective products to the Thai armed forces.

Thailand's interest in the F/A-18 is linked to procurement of the highly-sophisticated over-the-horizon AIM-120 Advanced Air-to-Air Missile (AMRAAM) at \$500,000 each, a request recently denied by Washington on the grounds the sale would fuel the so-called arms race in Asia.

But Thailand has a wide range of options for international weapons of increasing sophistication such as the air-to-air AIM-7 Sparrow, AIM9 Sidewinder, and the air-to-surface Shrike, HARM, Penguin, Harpoon, Maverick and Paveway.

There is even more choice now that Russia, Israel and South Africa have expressed willingness to sell their latest line-of-sight or fire-and-forget guidance and control missile systems to countries in the region.

The French have stepped in quickly to offer the RTAF an alternative fighter armed with a missile system just as good as the AIM-120 AMRAAM.

Dassault Aviation displayed its Rafale combat fighter to the media at Don Muang military airport last week, in what was clearly the beginning of a big push into the region by the ailing and debt-ridden French defence industry.

Dassault Aviation is opening its "Aladdin's Cave" of weapons to Thailand which includes the Mirage 2000-5 fighter for air defence and strike missions, Mirage 2000 D conventional attack aircraft, and the Rafale fully multi-mission combat aircraft.

French company Matra Defence has also recently set up an office in Bangkok to promote sales of its array of air-to-air missile systems, particularly the all-weather Mica which rivals the U.S.- made AIM-120 AMRAAM.

Mica is claimed to be the most advanced air-to-air missile of its generation, capable of both short range dogfighting and medium range interception. Over 2000 Micas have been ordered with delivery to start this year.

Matra is also offering a short-range range fire-and-forget infrared Magic 2 missile developed for the Mirage 2000-5 and also suitable for the F-16.

Spanish shipbuilder Bazan left town this week after a four-day visit by vice-president and secretary-general Santiago Galindo Arroyo, during which time he threw a lavish party for Navy commander Adm [Admiral] Prachet Siridet to mark the launch of the Royal Thai Navy's helicopter carrier HMTS Chakkri Narubet.

The top executives of other foreign arms manufacturers are soon to visit Thailand to submit their bids for contracts to supply the Thai armed forces with main battle tanks, new light tanks, attack helicopters, a spy satellite, armoured personnel carriers, ground-to-air missile defence systems, and modern fire-control systems for its warships.

The battle by arms manufacturers for the hearts and minds of the Thai decision-makers responsible for arms procurement will therefore be a costly one in which the quest for multi-million-dollar contracts apparently justifies any marketing strategy or tactic.

Thailand: EU Compensation on Rice Dispute Accepted

BK2002072196 Bangkok THE NATION in English 20 Feb 96 p B2

[Report by Wichtit Chaitrong]

[FBIS Transcribed Text] Thailand has accepted EU compensation in a rice dispute, but has reserved the right to raise the issue again with the World Trade Organization (WTO), said Phunthipha Simasakun deputy director general of Foreign Trade department.

The European Union has agreed to give an additional quota of 10,000 metric tons of tapioca manioc starch to Thailand along with a further 41,000 tons of broken rice, said Phunthipha.

Thailand and the EU reached the agreement during the third round of talks on 12 February. The first two rounds were held last year.

Talks were initiated after Thailand lodged a case with the WTO complaining that the EU rice tariff calculation resulted in an unusually higher tariff, she said.

The EU eventually offered to allocate an additional 10,000 tons of tapioca starch to Thailand and it is subject to the normal tariff rate.

Thailand is also eligible for a share of another 10,500 tons of tapioca starch, which the EU gives on a most favoured nation basis to various countries and is subject to 100 ECU [European Currency Unit] per ton, she said.

Moreover, the EU has abandoned the end use requirement for tapioca starch, she said.

Secondly, the EU has offered 41,600 tons of broken rice to Thailand and applied a tariff rate of 28 ECU per ton, Phunthipha said.

The agreement will take effect in April 1997 and Thailand has reserved the right to raise the issue again, she said.

However, Thailand, under the agreement, has to wait until the year 1998, she said. She will call rice and tapioca exporters to discuss the quota allocation.

In a related development, Thailand will join with Hong Kong to bring the case of a textile dispute with Turkey to the WTO, she said.

Turkey informed trade partners that it will set an import quota on textiles and clothing after it made a custom union agreement with the EU in January.

Thailand: Russian Rice Dealer Cautions 'Modest' Rice Imports

BK2102050196 Bangkok BANGKOK POST in English 21 Feb 96 p 17

[Unattributed Report]

[FBIS Transcribed Text] Russian purchases of Thai rice will be modest this year, Moscow's leading rice-dealer said, warning that proposals for sales of 50,000 tonnes or more threaten to freeze the Thai trade for years.

Andrei Ambartsman, who heads the rice-buying unit of Exportkhleb, the major large food trading concern, said the contract he signed last August for purchase of 30,000 tonnes of rice from Thailand is still being shipped.

Two vessels are en route to the Black Sea and Russia's Pacific coast, he said. He estimated the contract value at just over \$11 million. Credit was granted by a group of Russian and foreign banks, but Ambartsman declined to disclose the terms.

He said a report from Bangkok last month, predicting a 200,000-ton Russian purchase this year, was false.

Domestic Russian growers are producing about 500,000 tonnes of rice, according to Ambartsman. This is down from farm production levels at the peak of Soviet output, but consumption is also falling.

The largest share of imported rice has now been taken by India, which in 1995 shipped an estimated 60,000 tonnes. Next in volume came rice producers in the Central Asian states who sold about 30,000 tonnes. Thai sales for the calendar year came to 20,000 tons with another 10,000 tonnes committed by contract for delivery early this year.

"The maximum level that is reasonable for Thai rice sales (to Russia)," Ambartsman said, "is 50,000 tonnes a year. If anyone buys more than that, it would be stupid. It would create a big confusion in prices and all rice business would be frozen."

Thai Daily Urges Dialogue To Solve Malaysian Border Wall Dispute

BK2102070196 Bangkok THAILAND TIMES in English 21 Feb 96 p A4

[Editorial: "A Thai-Malaysian Dialogue: The Need For the Hour"]

[FBIS Transcribed Text] The Deputy Prime Minister and Minister of Defense Gen. Chawalit Yongchaiyut has aptly called to initiate immediate negotiations with Malaysia to resolve the issue of the border wall construction by our Southern neighbor.

Gen Chawalit in an effort to play down any tensions that may grow between the two countries, appreciates the Malaysians are in fact building their wall 2.5 meters and at some places 3.5 meters away from the common border between the two neighbors. And assures that this would not affect Thailand's position on territorial waters which are guided by the demarcation treaty between the two countries clearly recognizes Tarutao Island as being part of Thailand. "If Kuala Lumpur claims the island belongs to them, there may be a need for more extensive negotiations" he said.

While acknowledging there are strained relationship between the two brotherly members of ASEAN, particularly because of violations by Thai trawlers fishing on Malaysian territorial waters, a peaceful solution to the problem of fishermen must be found.

Datuk Syed Ariff Fadzillah in his speech at the ceremony for the presentation of credentials as the new Ambassador Extraordinary and Plenipotentiary of Malaysia to the Kingdom, emphasized "Malaysia and Thailand are contiguous neighbors. As such, our destiny have become closely intertwined developments in Thailand, whether positive or negative, would have an impact on Malaysia...Because of this, relations between our two countries have to be closely monitored and appropriately managed."

One cannot forget the circumstance and the objectives that led to the creation of ASEAN. Admittedly, when ASEAN was first established, it was aimed at curbing the expansionist policy, either conceived or real, of the northern neighbors, most notably China and Vietnam. Despite the manifested rationale for the setting up of ASEAN, based mainly on economic cooperation, it was imperative that the security concern had been the overriding reason for the establishment of ASEAN.

It was the fear of Communist expansionist tendencies, and the Indonesia-Malaysia "confrontation" and the threat it posed to regional security at the time that drove the foreign ministers of Thailand, Singapore and Malaysia to moot the notion and concept of ASEAN.

The Association of South East Asian Nations (ASEAN) as a regional organization has come a long way. By whatever yardstick it is measured. Conceived and born in 1967, ASEAN has been able to fathom and maintain its status as a respectable regional organization and today its voice is heard very loud and clear in most international forums.

Both Malaysia and Thailand have played a very important and constructive role in the ASEAN and must be conscious of the initial concept of "let the brothers of the region drink from the same well."

This has been the guiding light that have endured and united the region into a stable, political, economic and dynamic growth area in the world.

During the past 28 years Thailand and Malaysia, along with other members of ASEAN have grown from strength to strength to an unprecedented "visible" regional growth and stability.

The confrontation between Indonesia and Malaysia during the 60s, illustrates the unproductive and wasteful areas, the two neighbors concentrated spending their scarce resources at the time and the affects it had on their people.

The consequences of a negotiated and peaceful settlement of their disputes, exemplifies the positive results when the two neighbors concentrated to invest their energy and resources on developments and raising the standards of living of their peoples.

Thus, peace, stability security and understanding at borders of neighboring countries, including ASEAN members are a pre-requisite to regional cooperation, on cross-border trade, and economic development programs.

Malaysia and Thailand have much in common to gain if settlements of their minor disputes, whether boundaries at sea or land is made through immediate dialogues.

The successful inking of the Malaysia-Thailand Joint Venture (MTJV) agreement 1994 between the Petroleum Authorities of the two countries, stood as a model of settlement of disputed areas where two countries lay claim.

The MTJV agreement allowed the two neighboring countries to jointly exploit gas, petroleum and other resources in the disputed area in the south of Thailand. The achievement is a tribute to the men on the two sides who led the talks and negotiations between the two brotherly states.

Thus, it is the paramount duty of the two governments to appoint dedicated and sincere persons to be in charge of border committees and at the negotiating table. Tensions, and uneasiness at the borders could lead to graver consequences, which none of the two countries can afford or would want.

It will only be in the vested interests of adversaries and those who envy ASEAN cooperation, especially, between Malaysia and Thailand and regional growth development zones, notwithstanding, to drag on negotiation or delay a dialogue.

Gen. Chawalit has given his signal and it up to the Datuk Syed Ariff Fadzillah the new Ambassador to take the initiative as he rightly said in his speech to "further

strengthen our nation's longstanding bond of friendships and cooperation."

Thailand: Laos, Cambodia Farm Produce Given Equal Market Access

BK2102041696 Bangkok THE NATION in English 21 Feb 96 p B2

[Report by Surachai Chupaka]

[FBIS Transcribed Text] The Cabinet yesterday decided to allow Lao and Cambodian farm exporters to enjoy the same market access that Thailand is committed to giving World Trade Organization members.

The decision is aimed at strengthening business cooperation with the prospective Asean member states. Laos and Cambodia are not members of the multilateral trade organization, the WTO, but have applied to become members of both Asean and the WTO over the next few years.

According to Deputy Commerce Minister Montri Danphaibun, Thailand plans to give Laos and Cambodia market access for 23 items of farm goods, similar to what it has committed to open up under the WTO.

The Commerce Ministry, however, is likely to use tariff quotas to monitor the flow of imports in the same way the European Union does with Thai tapioca pellets. Moreover, Thailand might exercise safeguards by temporarily banning imports whenever the authorities find an excessive flow of imports to be causing injury to local farmers.

Local farmers are worried that they might suffer from paddy and garlic imports but the local producers should welcome imports of soy bean and maize, major ingredients of animal feed.

Non-processed farm products subject to be opened up under the WTO requirements include milk, fresh potatoes, onion, garlic, coconut, dried longans, tobacco leaves, tea leaves, chilli, cane sugar, coconut oil, soybean oil, rice, soybean and maize.

The Cabinet has assigned the Commerce Ministry to work out details for the plan to open up Thailand's farm market to the two countries.

Finance Minister Surakiat Sathianthai said the Finance Ministry would only amend the ministerial regulations to allow imports of farm products from Laos and Cambodia.

Burma is already a WTO member.

Thailand: Cambodian 'Coup Leader' To Remain in Detention

BK2002055296 Bangkok BANGKOK POST in English 20 Feb 96 p 6

[Unattributed report]

[FBIS Transcribed Text] Convicted Cambodian coup leader Gen. Sin Song who is seeking political asylum will be kept in detention until a third country is prepared to accept him, Foreign Ministry spokesman Suraphong Chaiyanam said yesterday.

As long as no third country accepts him he will be kept in detention, Foreign Ministry spokesman Suraphong Chaiyanam said yesterday.

Gen. Sin Song will not be sent back to Cambodia either, said Mr Suraphong reaffirming Thai cabinet resolution on this case passed January last year.

The Cambodian coup leader, who has already spent one and a half years behind bars at the Bang Khen immigration detention centre after illegally entering Thailand with four aides following a mysterious jail-break in Phnom Penh in September 1994, had complained he had been neglected by Thai authorities.

Gen. Sin Song, formerly the interior minister, is being detained on allegations of leading a coup d'etat in the Cambodian capital in July 1994. A military court in Phnom Penh later sentenced him in absentia to 18 years in jail.

Alleged co-coup leader Prince Norodom Chakrapong, son of King Sihanouk, was allowed to leave Cambodia to take asylum in France.

The cabinet resolution of January 1995, states that Gen. Sin Song will not be repatriated to Cambodia as requested by the Cambodian government, but will be sent to a third country in accordance to Thailand's 1979 immigration law.

Mr Suraphong rejected Gen. Sin Song's complaints, saying the resolution still stands today. "Gen. Sin Song is being treated as an illegal alien and, therefore, he will not be allowed to leave the detention centre," he said.

But observers, including his former lawyer Karun Saingnam, had argued that Gen. Sin Song and his men should be given limited freedom to be able to seek asylum in a third country, since the government ruled his case as political.

The five also have already paid the 2,800 baht fine and served two months in jail for illegal entry.

Gen. Sin Song has to seek asylum by himself. He can either invite representatives from foreign embassies in

Bangkok to visit him or send out open letters, said Mr Suraphong.

"But for now, no third country has agreed to accept him," he said.

Thailand: SLORC To Arrange Amnesty for Drug Kingpin Khun Sa

*BK2002152096 Bangkok PHUCHATKAN in Thai
20 Feb 96 p 5*

[Report by Indochina Information Center; italicized passages in English]

[FBIS Translated Text] A former member of the *Shan State Restoration Council-SSRC*, an administrative organization of the Shan State, told PHU CHATKAN that Khun Sa might be granted amnesty after the promulgation of the new constitution by SLORC [State Law and Order Restoration Council].

The source cited a leader of the Shan revolution movement as saying that the SLORC would first send the drug kingpin to trial in Rangoon. Khun Sa would be sentenced to serve a prison term to prevent negative reaction from the international community. However, he will be granted amnesty after SLORC declares the country's new constitution which is now being drafted.

The source, however, did not give the exact date for Khun Sa's court trial. He disclosed that Khun Sa still remains at the Ho Mong stronghold with Colonel San Punt serving as his liaison officer with Rangoon. Moreover, Rangoon also has helicopters on standby to airlift Khun Sa and other Shan leaders to Rangoon if necessary.

Meanwhile, a member of the *Central Executive Committee-CEC*, the highest administrative organization in the Shan State, disclosed that Chao Fa Lan or "Chang Chu Chian," former Mong Tai Army chief of staff has gone to Rangoon for negotiations with SLORC for the further implementation of a cease-fire agreement. A clause of the agreement stipulates that the Shan are prohibited from drug trafficking or engaging in any form of illicit trade or business. However, they are allowed to set up business enterprises to earn money to support their army as the New Mon Party is doing.

The source said: "We are interested in the gem exporting business because precious stones and jade are plentiful in Shan State and in northern Burma. Exploration for petroleum and other mineral ores also has good prospects."

The Shan ethnic group has long been engaging in the jade and precious stones trade but this was formerly considered illegal by the Burmese Government. After

the signing of a cease-fire agreement, SLORC demanded that gem trading be conducted in a legal manner. In other words, gem smuggling along the border areas must be stopped, and gem traders are required to pay tax to the government and sell their stones only to state-owned enterprises.

Vietnam

SRV Politburo Member on Disunity Within Party

*BK1902134796 Hanoi NHAN DAN in Vietnamese
29 Jan 96 p 3*

[Article by Politburo member Le Phuoc Tho: "Strengthen Unity and Singleness of Mind Within the Party"]

[FBIS Translated Text] The Communist Party of Vietnam was founded and trained by President Ho Chi Minh. For more than 65 years now, the Vietnamese Revolution has undergone many challenges and difficulties. At times, the situation was so precarious that it seemed unsurmountable. Nonetheless, thanks to the party's leadership and by waging a heroic struggle, the Vietnamese people have successfully carried out the August Revolution, brought the wars of resistance against the French colonialists and the U.S. imperialists to victory, completed the cause of national liberation and reunification, and shifted the entire country to the stage of socialist revolution.

Our party has always made due efforts to strengthen the unity and singleness of mind within the party as well as to promote solidarity with other nations. Unity and singleness of mind constitute an extremely precious tradition of our party and people because it creates an invincible strength for our nation. In the process of party leadership over the revolution, which is full of advantages as well as of difficulties and dangers, unity and singleness of mind within the party have played a decisive role in determining the success or failure of the revolution. Based on this fact, our party has made constant efforts to temper itself, consolidate its strength, and establish fine traditions, namely a firm political background, perseverance in revolutionary ideals, spirit of independence and sovereignty, resourcefulness, firm grasp of the banner of national independence and socialism, close association with the masses, and dedicated service to and reliance on the people to carry out party-building work....

Given the new stage of development of the revolution, each cadre, party member, and party organization must further promote the tradition of unity and singleness of mind within the party and with the people, thereby creating a new strength to make the goals of making the people rich and the country powerful and of bringing about justice and civilization in society come true.

The Situation Concerning Unity Within the Party Since 1975

Since the liberation of the south and the reunification of the Fatherland, our revolution has shifted to a new stage. By promoting the tradition of unity and single-mindedness within the party, party organizations from the central down to local levels have firmly maintained the nature and militancy of the party, performed political tasks, made special efforts to implement the renovation line in a dynamic and creative manner, and scored great achievements of important significance. Regrettably, there have been serious cases of disunity in various forms and at different degrees among the party organizations of a number of units and localities. In some cases, this state of affairs dragged on for five-10 years or even longer. This is cause for concern because disunity took place among key leading cadres. In the 1987-89 three-year period, the number of party members subjected to disciplinary measures because of internal disunity accounted for 5.3 percent of the total number of party members disciplined. Of this number, cadres under the management of the Party Central Committee accounted for 12.8 percent and in 1993, accounted for 16 percent. Regarding collectives, the Secretariat adopted disciplinary measures against three executive committees and six standing committees of provincial party committees. Thus, the ongoing party-building work requires efforts to study, analyze, and assess the causes of internal disunity and work out problem-solving methods. Some people have asked themselves this question: In the past, the Communist Party of Vietnam fought heroically and stalwartly and was endowed with the fine traditions of a ruling party. How come there are cases of disunity in a number of localities now?

Results of a disunity phenomena research project has led to the following issues of concern:

1. In a number of units and localities, disunity often happened between key leading comrades (secretaries and chairmen of people's committees or people's councils), between party committees and chiefs of agencies, and between local cadres and cadres assigned by other localities. In certain cases, disunity took place during the redelineation of the administrative boundaries of provinces or in the mergers of departments, ministries, sectors.... These phenomenon developed in a complicated manner. Some happened secretly while others flared out with much intensity and led to the formation of groups, acquaintances, and clans to fight one another. There have been cases of issues being blown out of proportions, false accusations made by anonymous letters of denunciations on a countrywide basis, leaflets..., and even the use of professionalism and expertise to eliminate one another.

2. There have been no small number of incidents involving leading officials who show no respect for democracy, opting for a high-handed way of dealing with people, maintaining an authoritarian attitude, abusing power, ignoring the opinions of collectives and subordinates, making arbitrary decisions, belittling principles and organizations, failing to match words with deeds, enjoying the company of flatterers and opportunistic elements, and hating righteous people just because they are straightforward and express different opinions. When criticizing people, they only try to put labels on them, inflict imposition, or use power to retaliate, eliminate, or neutralize their opponents. When attending criticism sessions, they instigate other people to criticize instead of doing it themselves. At times, they use people of their camp or bad elements to materialize their dark schemes. When attending conferences or group discussions, they do not express their frank opinions or tell the whole truth. Yet, once they leave the conference hall, they talk at random, speak highly of themselves, speak ill of others, and try to make people side with them, thus sowing internal mistrust.

3. Personnel evaluations, deployment, and proposals for promotion usually carry conflicting opinions because of incorrect information or lack of association with cadres. This is caused by the partial spirit, failure to evaluate cadres on the basis of their criteria and competence, or failure to discuss the evaluation in a truly democratic way with concrete results within the party leaders group. On the other hand, the implementation of operational regulations is not yet satisfactory; in party activities democracy is a mere formality; self-criticism and criticism are not carried out seriously enough, or carried out with lack of truthfulness, fear of personal resentment, and avoidance of possible personal conflict. Sometimes the criticism does not focus on clarifying right from wrong or determining concrete solutions for handling wrong-doings at the earliest time possible.

4. In a number of localities and agencies, due to their limited capabilities, core leading cadres fail to catch up on developments of the situation, fail to have a clear attitude about right and wrong, and fail to decide quickly when faced with complicated issues. This creates a situation of shifting responsibility to one another, suspecting each other, and worsening internal division.

5. In a number of agencies and units, unity is seen from outside, but inside they plot to harm each other, cover the truth, and conspire to cover each other's wrongdoings. People in these places always try to display fine pictures and progress of their units to deceive their superiors as well as their subordinates.

Once the truth is revealed, they do not hesitate to smear and blame each other for the failure.

Internal disunity sometimes shows, at other times it lies dormant, but it always creates grave worries. Internal disunity causes various grave consequences, as follows:

1. It affects the party's prestige and leadership role, decreases the combat strength of the party organizations and party members, breaks principles and disciplines of the party, and ruins cadres and party members. It mixes good and bad people, it causes worries to honest and faithful people who then only want to be transferred elsewhere. It also creates conditions for fawns, cringes, and opportunists to be favored, opening ways to instability, worries, suspicion, ruined comradeship, and damaged relations between cadres and party members. The units concerned will not be able to mobilize the general strength of the contingents of cadres, party members, and the mass for the purpose of fulfilling their political duties. Moreover, internal disunity also leaves unsightly marks in the traditional history of the party organizations and agencies not only for a short time but in the long term also.

2. The people rely on party organization, and where they deposit their trust and love. If the party organization is riddled with disunity, the masses will lose their support base, as well as their trust in the leadership of the party organization. In a number of localities and units, leading cadres are so busy fighting each other for position and power that they do not have enough energy left to care for the party and the people. Reality shows that most of the localities and units that suffer disunity are concerned about dealing with each other; therefore they are distracted and do not have the ability to fulfill the duties assigned by the party. This leads to poor economic performance, low standards of living, and underdeveloped social and cultural activities.

3. Internal disunity is the loophole where bad elements, opportunists, and hostile forces take advantage to make the conflict bigger, to excite dissidence from various sides in order to worsen party internal disunity, and to split the people from the party, thus making the disunity even more serious, complicated, and prolonged. There have been more than a few party organizations who have had to spend significant time and energy to rectifying the situation of disunity in their units.

Causes of Disunity:

Internal disunity takes on many forms and has various causes, both subjective and objective. Some of the major ones can be listed as follows:

1. Reality shows that internal disunity occurs in localities and units, not as a consequence of disagreement

in policy or political viewpoints, but because of individualism, partisan spirit, greed of power, fighting for credits, avoiding responsibilities, authoritarianism, envy for positions, lack of democracy, lack of concern for agency and organization, failure to put oneself under the supervision of the agency and organization, being dishonest to superiors and being unfair to subordinates, favoring flattery and bullying candid people, "bending to the wind," "acting in double-faced way," ignoring the truth, and resorting to every trick merely to maintain the post. In some cases, there are also indications of manipulation from outside, from the bad elements and opportunists who deliberately create confusion and suspicion among cadres.

2. Poor observation of party principles: Failure to observe the principles of centralized democracy, individual's functioning under collective leadership, internal democracy, discipline, and self-criticism and criticism. The principles and regulations of party organization and operations are not followed seriously.

3. Disunity can be traced back to the fact that some key cadres, though incompetent, still cling to their subjective viewpoints, maintain a haughty attitude, lack modesty, are unwilling to learn and improve their quality, set a bad example in personality and lifestyle, want privileges and favors, and pursue their personal interests instead of looking after the welfare of collectives. They cannot address internal issues in a resolute manner because of their lack of quality and competence. This is particularly true when it comes to coping with tense and complicated situations or in dealing with different opinions. Under such circumstances, they pass the buck or let the problems drag on, thus making it impossible for the internal organization to devote efforts to implementing its tasks. Once they lose their influence or after assuming high positions, a number of officials rally forces or form groups to consolidate their ranks and henceforth lead to disunity, infighting, and all-out efforts to harm one another.

In summary, the main causes of disunity mentioned have weakened the internal structure of local party organizations and have caused the masses to lose confidence in party organizations because their leadership role and militancy have declined. Internal disunity is like a dangerous disease that threatens a person's life or like an enemy that undermines the militancy of the party organizations, because it creates favorable conditions for hostile forces to achieve their "peaceful evolution" strategy that is designed to oppose our party and state, sow internal disunity, and make the people lose confidence in the party. Therefore, it is urgent for our party to firmly maintain and safeguard unity and single-mindedness within its organization. It is very impor-

tant and of great significance to draw practical lessons about unity and single-mindedness and to find ways to develop strong points and overcome shortcomings because this helps keep the party firm and strong. This is the responsibility of each party organization, cadre, and party member.

A Number of Practical Lessons

Our current renovation work has scored many achievements. This is a revolutionary undertaking full of trials, difficulties, and challenges. For this revolution to end successfully, we must promote the tradition of unity and single-mindedness more than ever before in order to guarantee conditions for the party to be firm and strong in all fields and capable of coping with all attempts to sow disunity and factionalism. Because unity involves strength and organization, we must do all we can to safeguard and strengthen the bloc of unity and single-mindedness within the party and between the party and the people. We advocate unity, provided that it is not one-way, unprincipled, or patterned after that of guilds or interest groups. It is normal for members of the same organization to hold different views. It does not mean that the existence of different views is proof of disunity or the lack of it is an indication of unity. Our unity is based on principles and involves efforts to tell right from wrong in order to create greater single-mindedness. Based on actions already taken, as well as on reviews and analyses of the causes of disunity, the following principles and experiences can be drawn to promote candid and healthy unity:

1. Unity and single-mindedness within the party means unity and single-mindedness on the political, ideological, and organizational fronts. Therefore, unity and single-mindedness must be based on Marxism-Leninism, Ho Chi Minh ideology, and the party's platform, policies, and standpoints. We must always firmly grasp the class nature of the party and safeguard the unity and single-mindedness within the party and between the party and the people because this tradition is a priceless heritage left behind by President Ho Chi Minh and because it creates a source of invincible strength for the revolution.

At the same time, it is important to firmly grasp the revolutionary and scientific nature of Marxism-Leninism and Ho Chi Minh ideology, link theory with practice, and make every effort to promote the candid revolutionary sentiments of communists and the working class. It is imperative to fight uncompromisingly against individualism, departmentalism, regionalism, opportunism, factionalism within the party, and other negative phenomenon.... It is necessary to prohibit reprisals against people for their criticism and forbid the practice of taking ad-

vantage of criticism to attack people on an individual basis, make false accusations, or sow division. Nowadays, faced with new problems at home and abroad, there are often different views within the party. This is normal. On the contrary, single-mindedness based on excessive tolerance or fear of hurting people's feelings, an end to the practice of criticism and self-criticism, lack of accurate and straightforward criticism, and absence of mutual respect and love based on comradeship will lead to internal disunity.

2. Unity must be based on strict observance of the principles governing party organization and party activities, particularly the principle governing democratic centralism. Unity means "unanimity of mind and action." To this end, it is necessary to broaden democracy in society in general and within the party in particular. This helps bring into play the wisdom and creativity of the people, cadres, and party members. Yet, only when democracy is implemented under the party's leadership can there be genuine unanimity of mind and action. All resolutions must be based on everyone's wisdom and creativity. Yet, once a resolution is adopted, there must be unanimous determination, voice, and action. To speak of observance of the principle governing democratic centralism is to speak of the need to implement the system of collective leadership and individual implementation and of majority, organization, upper echelon, and Party Central Committee rules. At the same time, it is necessary to struggle against all thinking and actions that are at variance with the sense of organization and discipline or bear the imprint of opportunism. The aforementioned issues must all be transformed into principles and operating procedures for everyone to implement.

3. It is necessary to satisfactorily carry out criticism and self-criticism in the party in order to promptly discover and overcome shortcomings and errors, develop strong points, promote mutual progress, create increasing unity and unanimity within the party, and generate a collective strength with which to fulfill duties in a more satisfactory fashion. Criticism and self-criticism are applied to all the activities of the party as well as of party cadres and members. Criticism and self-criticism within the party must be carried out in a truly democratic, open, objective, candid, straightforward, disinterested, reasonable, organized, and scrupulous fashion. In doing this, we must know how to view strong points and weaknesses from general and concrete historical [as published] perspectives.

As for the attitude to be adopted in carrying out criticism and self-criticism, we must have a high sense of responsibility toward the party organization concerned and our comrades. We must respect truth and righteousness and must refrain from covering up or exaggerating

the truth. Carrying out criticism does not mean blaming one another or insulting each other's honor. Instead, we must do it in such a way as to reflect the lofty human character and the pure sentiments of like-minded people. Criticism and self-criticism must be carried out regularly from the lowest to the highest levels and vice versa under appropriate formats and measures.

4. We must cultivate cadres and ensure that only honest and competent cadres are named for key positions at various levels. As leading cadres who hold very important positions and who serve as a hub for unity and unanimity within the party, they must have appropriate ethics, qualities, and abilities. Experience shows that disunity will inevitably arise once members of a leadership organ lack unanimity, turn their back toward one another, adopt an uncooperative attitude, and speak ill of one another.

In addition, we must attach importance to the building of clean and steadfast grassroots party organizations and must improve the leadership role, the militancy, and the responsibility of party organizations and party members in the building and strengthening of the unity and unanimity within the party. We must build a collective where members truly understand one another, respect and trust one another, love one another, and assist one another in achieving mutual progress and jointly fulfilling the party's tasks.

Meanwhile, as the party is a ruling party, we must strive to: gradually perfect our laws; increase the party's control and supervision by the people; and build and perfect the system that advocates scrupulous enforcement of the principles of democratic centralism. Only through this will we be able to prevent indications of disunity. If disunity occurs, we must promptly avert and deal with it without allowing it to drag on.

5. Experience obtained from efforts to overcome the ills of disunity in a number of localities over the years shows that it is vital to correctly find out the causes of the disunity. Meanwhile, we must deal promptly and sternly with those cadres responsible for disunity, depending on the extent of their violations and in accordance with reasonable principles. With the motto of "Curing the Diseases to Save the Patients," we must strive to educate those with ideas of disunity. We must resort to organizational penalty actions if they refuse to respond. We must resolve to promptly replace those cadres causing disunity, to quickly replenish and recommend promotion for those cadres with good revolutionary qualities and ethics and the ability to promote unity among personnel, and to supervise the enforcement of party lines and resolutions.

To carry out the renovation process and the cause of industrialization and modernization successfully — the aim of which is to make the people prosperous, the country strong, and the society civilized — our party and people must now more than ever before preserve and foster the tradition of unity and unanimity within the party, ensure adequate democratic principles for party activities, accelerate the carrying out of criticism and self-criticism in an honest and straightforward fashion, love one another as like-minded people, bravely struggle against individualism, departmentalism, localism, opportunism, and all indications of nepotism within the party. Preserving unity and unanimity within the party is a lofty responsibility and the obligation of various party organizations as well as of party cadres and members from the central down to local levels. As advised by President Ho Chi Minh, we must preserve unity and unanimity within the party as if it were the apple of our eye.

SRV: Comments on Party's Firm Stand on Marxism-Leninism

963E0006B Hanoi TAP CHI CONG SAN
in Vietnamese Sep 95 No 11, pp 31-36

[Article by Nguyen Phu Trong, professor at the Institute of History]

[FBIS Translated Text] Recently, in the face of the collapse of realistic socialism in the Soviet Union and East Europe, ideologists who oppose communism and socialism have rushed to criticize and attack Marxism-Leninism in an attempt to shake our ideological foundations and push us out of the socialist orbit. In our country, not counting those people who have a desire to study and build but whose views need to be discussed, there are a small number of people who for various reasons have accepted the views of the enemy and who have openly criticized Marxism-Leninism and criticized the party for adhering firmly to Marxism-Leninism and choosing the socialist path. They have written various documents, distributed these among themselves, or distributed them outside the country using newspapers, stations, and publishing houses having an anticommunist bias. They have attacked Marxism-Leninism using very harsh and vicious language.

From criticizing Marxism-Leninism, some people have leveled accusations against Ho Chi Minh, saying that he was wrong to bring Marxism-Leninism into Vietnam and that that is the reason for the "darkness, sluggishness, and pain in our country." They have demanded that our party "reject Marxism-Leninism before it is too late" and said that "more than anyone, the CPV should acknowledge the mistakes made by the party" and "bravely

renovate politics in an all-round and thorough manner." "If the CPV stubbornly clings to the old path, it will meet with failure and collapse and be cursed by history."

The political attitudes of these people are quite clear and straightforward. Those who speak up in defense of Marxism-Leninism are branded as "dogmatic, conservative, and obsequious" and as "people clinging to their positions." Whenever leaders try to correct things, they claim that they are "oppressing those people who hold opposing political views" and "stifling democratic rights and freedom of thought." Some have thoughtlessly said that the reason why our party is adhering firmly to Marxism-Leninism is that the party's leadership echelons are "chained by the classical principles of Marxism-Leninism." Or they say that this is because the party echelons are "confused" by the present situation and that for the sake of "psychological stability" and to "flatter the masses," they have to make revolutionary statements.

Is that the truth? We must be on guard against the aggressive attitude and ill-will of a number of people. Let's discuss a number of the main arguments raised by people concerning this issue.

1. Those who criticize Marxism-Leninism usually look for a way to deny the scientific nature of Marxism-Leninism and prove that Marx, Engels, and Lenin were not scientists. They claim that "Marxism is just an illusory concept," "a conceptual lie," and "a disguised play" and that it is "filled with illusions." Lenin promoted those illusions. "Marx and Lenin were idealistic, metaphysical, and utopian sociologists. Marxism-Leninism is an "illusion."

This is a very cynical misrepresentation of Marx, Engels, and Lenin. In the past, perhaps few dared voice such derogatory views and now those who oppose Marx and Lenin have gone crazy. People can criticize Marx on this and that, hate Marx, and oppose him strongly because he declared war on capitalism and stood up for the working class, but no one can deny that Marx and Engels were scientists. Because in reality, Marx and Engels were great and talented scientists. They were "geniuses" of mankind. The theories of these two men were the result of very strict scientific studies and impressive scientific projects that answered many questions posed by man. Inheriting the wonderful ideological currents of mankind up to the 19th Century (German philosophy, English political economics, and French socialism) and summarizing realities in their own age, Marx and Engels created a solid and accurate theory in which a highly scientific nature was united

with a revolutionary spirit. The great contributions by Marx and Engels were:

First, these two men defended and developed materialism, created the theory of dialectical materialism and historical materialism, created a fundamental turning point in philosophy, and provided man with a new way of looking at things and a strong weapon with which to understand and transform the world. The historical materialism of Marx, which is a great achievement of scientific thought, discovered the laws of social development and the necessity of moving from this socioeconomic form to a higher socioeconomic form.

Second, relying on the achievements of classical political economics, Marx and Engels created a new economic theory and brought about a real revolution in political economics. With the discovery of the law of surplus value, Marx discovered the means of capitalist exploitation and advanced a scientific argument concerning the necessary death of capitalism and the necessary victory of socialism.

Third, through analyzing and dissecting capitalism, Marx and Engels discovered its laws of movement and development and, based on this, made predictions concerning the development of society in the future and pointed out that the social force with the ability to become the creator of the new society was the working class led by the communist party. The working class must wage a difficult revolutionary struggle in order to topple capitalism. Class struggle is the motive force for development in a class society. Thus, Marxist socialism is scientific socialism and is completely different from the utopian socialism in France in the past.

In 1872 in the May 1872 edition of EUROPEAN COMMUNICATOR, the Russian economist I. I. Kaufman [Cau-pho-man] observed that Marx was a very realistic and dialectical man. He was more realistic and dialectical than anyone before him. "When proving the necessity of the current order, he proved the necessity of a different order. The present order must shift regardless of whether people believe this or whether people have a concept of this." [Footnote 1] Marx and Engels, "Selected Works," Su That Publishing House, Hanoi, 1982, volume 3, pages 206, 207

Lenin made the following observation on the nature of Marxism: "After studying the laws of development of human society, Marx understood that developed capitalism will necessarily lead to communism and—this is the fundamental point—when proving this truth, Marx relied on very accurate and detailed studies of capitalist society and on fully grasping everything provided by science up to that time." [Footnote 2]

Lenin, "Collected Works," Progress Publishing House, Moscow, 1978, volume 41, page 361

Even bourgeois thinkers have great respect for Marx and have studied Marxism very carefully. In reality, this has helped capitalism adjust a number of its operating methods and formulas. Recently, the well-known French philosopher Jacques Derrida affirmed that "Marx was a thinker of the 21st Century." And yet some of our "scholars" stubbornly insist that Marx was a deluded idealist.

And Lenin? Lenin is famous as a scholar and fighter for social progress. He had a great influence on the development of the culture and science of his time. Lenin tied science and culture to the progressive social and political forces of the 20th Century. As a scholar, Lenin made many contributions and explained many questions having to do with philosophy, political economics, history, the natural sciences, logic, jurisprudence, and sociology. Lenin not only applied Marxism but also supplemented and developed Marxism. He was engrossed in his work and carried out his work with unusual energy and with a very scientific spirit. (To write the work "The Growth of Capitalism in Russia," Lenin read and studied 583 books.) Lenin showed great intelligence in reviewing realities. As a result of reviewing realities, he wrote "Imperialism, the Highest Stage of Capitalism." Thanks to reviewing realities, Lenin changed his initial views on socialism and produced the well-known New Economic Plan (NEP). It's not surprising that communists referred to Leninism as "Marxism during the time of imperialism and proletarian revolution" and linked Leninism to Marxism to form Marxism-Leninism. Nor is it surprising that Lenin's theories have had a great influence throughout the world. Based on statistical data of UNESCO, Lenin's works have been translated into 120 languages and are the most widely read books in the world, surpassing even Tolstoy, Shakespeare, and Balzac.

In short, Marxism-Leninism is a science. Above all, it is a dialectic and modern science concerning the laws of development of nature and society, the revolution by the oppressed and exploited masses, and the victory of socialism and communism. The great value of Marxism-Leninism lies in its scientific integrity and its comprehensive, systematic, and dialectic nature aimed at liberating laborers and freeing society from the yoke of oppression and exploitation and all forms of corruption and bringing about a just and humanitarian society.

With its soul being the law of dialectical materialism, with its economic foundation being the theory of surplus value, having made great discoveries concerning histor-

ical materialism, the basic elements of which are the theory of economic and social structure and the historical role of the working class, Marxism-Leninism is still the peak of human intelligence and an accurate and complete science that can never be replaced. Even though it may be necessary to supplement, develop, and further perfect this (this is a necessity), the basic contents of Marxism-Leninism are still correct in today's conditions. Marxism-Leninism is still the spiritual weapon of the working class and oppressed laborers throughout the world in their struggle to free themselves. Although there are those who are intentionally trying to distort it, Marxism-Leninism is still Marxism-Leninism. It still has great vitality and value.

It's not difficult to understand why Marxism-Leninism is being attacked and cursed. People have hated and cursed Marxism-Leninism for a long time. They have been cursing Marxism for 150 years and Leninism for almost 100 years. Not only do some people have a deep hatred for Marxism-Leninism, but they are also looking for a way to destroy it. In 1913, Lenin said about Marxism: "Throughout the civilized world, Marx' theory has created powerful enemies and generated great hatred in bourgeois scientific circles. Such an attitude is to be expected, because in a society built on class struggle, there cannot be a 'proletarian' social science. To expect a proletarian science in a society built on a hired-slave system is very naive." [Footnote 3] Lenin, "Collected Works," Progress Publishing House, Moscow, 1980, volume 23, page 49

The fact that the enemy is slandering Marxism-Leninism simply proves the correctness and scientific nature of Marxism-Leninism, which is what anti-communist thinkers fear greatly. Each time it has to struggle against opposing ideological currents, Marxism-Leninism shows its great vitality. Marxism-Leninism has had to struggle not only against reactionary bourgeois ideological viewpoints but also against erroneous tendencies within the communist and international workers movements, such as the "Vuong Quoc Pho socialism" of the Lat-xan faction in Germany, the petty bourgeois socialism of the Prudong faction in France and Belgium, the right-wing opportunism of English trade union leaders, the "leftist" adventurism of German communists, the anarchy of the Bacunin faction in Russia, and bourgeois nationalism on matters of war and colonialism. And today, there are all sorts of "currents" as we all know.

Marxism-Leninism still has the power to attract and win the hearts of billions of people on this planet because of its scientific, revolutionary, and deeply humanitarian nature.

This is a very important answer to the question of why our party is adhering firmly to Marxism-Leninism and why it regards Marxism-Leninism as its ideological foundation and compass for revolutionary action.

2. Some people say that the import of Marxism-Leninism into Vietnam is the cause of our misfortunes and our country's sluggishness.

Such views are totally wrong, because they have no basis. Such views have turned white into black and distorted history. As everyone knows, our country has a strong patriotic tradition. This is the factor that has generated our people's great power in successfully resisting foreign aggression. This patriotism has existed in all periods. But reality clearly shows that only during the time of Ho Chi Minh, under the leadership of the communist party, was our people's strength able to increase and win a more complete and all-round victory. Those who want to reduce or deny the leadership role of the party and Marxism-Leninism frequently say that in the past, before the birth of the party and the existence of Marxism-Leninism, our people still defeated foreign aggressors. That's correct, but it is only half right. They forget that after defeating foreign aggression, what direction will the country take, what will be done to ensure that the people are the real masters, lead prosperous lives, and escape from a life of slavery and hardship under the oppression of feudal landlords, and what can be done to escape from the vicious circle of exploitation? Furthermore, during the past resistance against bandits, there were certain limitations concerning the strength of our nation and people. (Each age has its own historical limitations.) During the anti-French period, before we had the leadership of the communist party, our nation had many outstanding and fiercely patriotic people who had a spirit of bravery and sacrifice. Such people included Nguyen Trung Truc, Tong Duy Tan, Phan Dinh Phung, Hoang Hoa Tham, Phan Boi Chau, Phan Chu Trinh, and Nguyen Thai Hoc. Why were those movements and uprisings defeated? During the days before the party, the "situation in our country was very black." Why? Because we lacked a correct line. For 70 years, the country lacked a line to save the country and liberate the nation. Only after the birth of the CPV, when our party was able to find the correct path and satisfy the sacred wishes of the people thanks to accepting Marxism-Leninism, did our country have an opportunity to carry on national liberation in a correct way, and only then was our country's revolution able to win one victory after another.

Some people argue that several of the nearby "dragons" do not follow the path of Marxism-Leninism, but they are highly developed, their economies are growing rapidly, and the standard of living there has risen. It's

true that in today's scientific and technical revolution, there are countries that are developing very quickly. But each country has its own specific historical conditions and so simple, one-sided comparisons should not be made. In the world today, there are hundreds of capitalist countries, but only a few are developed. The great majority are not moving ahead at all. Why? Vietnam has its own geographical and historical conditions. No country in the world has had to deal with the problems that Vietnam has had to deal with. In just a short period of time, we had to repulse foreign aggressors and deal with all types of powers. Today, we must bear the very heavy burden of this: 1.1 million war dead, 600,000 war invalids, 300,000 missing people (almost all of whom were party members and communist youth union members), almost 2 million ordinary people killed by the bandits, 2 million disabled people, 2 million people affected by poisonous chemicals, and so on. And where else in the world besides Vietnam have people been able to score countless glorious victories? This includes the glorious victory of the August 1945 Revolution, which made a hole in the colonial system of imperialism, and the glorious victories scored during the nine years of resistance against France to smash the old colonialism. This also includes the victories of the 20 years of resistance against the United States to defeat neocolonialism, reunify the country, and bring the country into a new era, the era of independence, freedom, and socialism.

During the past 10 years of renovation, at a time when the world has been undergoing very complex changes and our country has faced many difficulties, our people, under the leadership of the party, have carried on renovation and scored many important achievements. To date, even though there are still many difficulties, our country's economy is growing well. Our country's economy is growing at a rate of more than 8 percent a year, quality is improving, the lives of most of the people have improved, there is political stability, and foreign relations are expanding. Our country has gotten out of its economic and social crisis and has the necessary preconditions for moving into a new period of development, a period of accelerating industrialization and modernization and integration with the region and the world. Our country has foreign relations with 155 countries (including all the great powers in the world). We have commercial relations with more than 120 countries and relations with 180 parties and 250 private organizations. Foreign direct investment (FDI) in Vietnam totals more than \$15 billion, and ODA [Official Development Assistance] loans total \$3.6 billion. In 1994, even there was heavy flooding, the entire country harvested 26.2 million tons of grain and was able to satisfy domestic grain needs and export 2 million tons of rice. Even though the food and clothing, travel,

education, customs, and way of life of the people are still not as had been hoped, there have been many changes as compared with before. Nationwide, 60.2 percent of the villages have electricity, 86.5 percent of the villages have roads, 92 percent of the villages have public health stations, 76.2 percent of the villages have Level-II schools, and so on. A number of villages in remote areas have electricity, and telephone service has reached the Cau Mau-Minh Hai area.

All ordinary people have been affected by these rapid changes. People far and near are encouraged and share the joy. Even a number of people who were once "on the other side" admit this. [Footnote 4] An example is Do Mau, a lieutenant general in the Saigon army prior to 1975, who recently mentioned the changes that have taken place in Vietnam in his memoirs and in a number of articles. See TAP CHI CONG SAN No. 10 (August) 1995.

But there are still people who are shutting their eyes and portraying today's Vietnamese society in a very black and ugly way. They are intentionally forgetting that the ones responsible for the disaster in Vietnam and for the poverty and hardships suffered by the Vietnamese people are the imperialist invaders, the colonialists who stole our country, and their lackeys.

For two-thirds of a century, the CPV has worked tirelessly and made sacrifices to gain full independence for the country, ensure the well-being of the people, and enable our country to become the equal of other countries. Armed with Marxism-Leninism and Ho Chi Minh thought and coordinating these closely with our national traditions and humanity, the party has led our people in winning great victories, enabled the country to develop, and performed many miracles during the past 50 years. That is the reality. And that is the reason why our party adheres firmly to Marxism-Leninism.

3. Some people say that the CPV has actually abandoned Marxism-Leninism and socialism but that "for the sake of face," in its official statements and documents, the party continues to state that it is adhering firmly to Marxism-Leninism. On one hand, they demand that the country "renovate thoroughly, not half-way," meaning that there must be full privatization and political pluralism. But on the other hand, they claim that the party has abandoned Marxism-Leninism and that our renovation movement is "uncoordinated" and poorly defined."

This is another slanderous and arbitrary argument. As everyone knows, the CPV has always been a real Marxist-Leninist party. The party has not only adhered steadfastly to Marxism-Leninism but also made creative use of Marxism-Leninism given our country's specific conditions. Based on reality, the party

has concluded that whenever we have strayed away from Marxism-Leninism or become dogmatic, we have suffered defeats. The reason for the success of the present renovation movement is that the party has renovated its theoretical thinking. It has a correct understanding of Marxism-Leninism and has made creative use of Marxism-Leninism. Renovation means returning to Marxism-Leninism and making creative use of Marxism-Leninism. The party's programs, lines, and policies express this idea quite clearly. The following are a few examples:

Understanding and applying the law pointed out by Marx, that is, "production relationships must be in accord with the nature and standards of the production forces," our party has put forth and led the implementation of a policy to develop a multifaceted, socialist-oriented economy that operates based on market mechanisms under the control of the state. This is regarded as a long-term strategic issue throughout the period of transition to socialism in our country. Among the economic elements, the state-operated economy must play a guiding role. State enterprises and cooperatives must be the foundation.

Thoroughly understanding and making use of Lenin's New Economic Policy (NEP), we are making bold and effective use of the forms and methods of state capitalism on a broad scale (including such forms as joint public-private enterprises, joint ventures, share forms, cooperative forms, and lease forms) in order to build socialism. This is regarded as a major policy throughout the period of transition to socialism.

We are making use of and implementing the laws of commodity production (including the law of value, the law of supply and demand, the law of competition, and the law of expanded reproduction). We are using various types of markets (consumer materials markets, production materials markets, labor markets, currency markets, and so on), closely coordinating plans with markets, co-ordinating economic growth with social progress and fairness, and linking gaining wealth legitimately to reducing poverty and preserving our national culture.

We are making good use of and dealing with the relationship between class and nation, national and international, and economics and politics in order to create an integrated strength to gradually carry on industrialization and modernization and build and defend the fatherland.

Do these things indicate that we are moving away from Marxism-Leninism or that we are adhering to the principles and ideas of Marx and Lenin? Marxism-Leninism is and always will be a compass and a torch to light the way for our party and people.

Experience shows that if the ideological system becomes vague and there is vacillation, there will be confusion in the policies and lines and turmoil in organi

**SRV: Commentary Reviews Achievements,
Direction for New Year**

*BK2102140396 Hanoi Voice of Vietnam in English
1000 GMT 21 Feb 96*

[Station commentary]

[FBIS Transcribed Text] The Vietnamese people are enthusiastically entering a new Spring—the year of the rat—and preparing for the important national event, the eighth national congress of the Communist Party of Vietnam. The coming national party congress is very important as it decides the fate of the country, creates a strong position for the development of the country to go into the next century, and even plans directions for the following century of the Vietnamese nation. Therefore, being workers in the factory or farmers in the field, combatants on a remote island, or professors of universities—and whether a party member or not—all are prepared for this event according to their abilities.

Entering this Spring, we have grounds to say that the Vietnamese boat has emerged from a storm. Though there are still dangerous coral reefs and currents around, it is the time to firmly hold the steering wheel and choose the right direction to avoid all dangers and bring the boat to wharf. It means carrying out successfully national industrialization and modernization in the spirit of independence, freedom, and socialism. It means heightening national industrialization and modernization and peaking the renovation process to a new height. State management effectiveness must be strengthened, bringing the market strategy into the corridor of socialist orientation. This is not easy because there have been no precedent. Many Westerners said Vietnam was tilting against a windmill.

The achievements recorded in the renovation process over the last 10 years show that the Vietnamese people and the Communist Party of Vietnam was strong enough to handle the market economy. The last 10 years have proved that Vietnam should take more advantage of science and technology on a large scale. Vietnam should develop its production force and increase labor productivity, while perfecting the management mechanism and transforming the economic structure into a modern method. Economic renovation was a solid policy over the last few years.

Vietnam will make strong contact with world scientific and technological achievements. The socialist-oriented state plays a role as a commander of the division in applying scientific and technological advances to

socialize production that creating a firm premise for the coming into existence of socialism. The Spring is a real national festival of Vietnamese people. All Vietnamese are trying their best to help the country move forward.

**SRV: NHAN DAN Cited on Diplomatic Successes
of 1995**

*BK2202073396 Hanoi Voice of Vietnam Network
in Vietnamese 1430 GMT 21 Feb 96*

[FBIS Translated Text] Under the title: Welcome the New Status, an article written by Ho Vu in the special Tet edition of NHAN DAN reads: The Year of the Pig passed with numerous successes of our country in the field of foreign relations. We should first mention our relations with our three bordering neighbor countries. The friendly and time-tested relations with the Lao People's Democratic Republic are stronger than ever. After the first-in-the-year visit by the Cambodian first premier and the last-in-the-year visit of the king, the Year of the Pig can be called the Vietnam-Cambodia Year.

November has become the traditional friendship month for Vietnam and China, because for the last four years there has always been a high-ranking meeting between the two countries during this month.

The decision of the United States to normalize relations with us, was an important success, as was our admittance to the Association of Southeast Asian Nations, which lifted Vietnam's status in the international arena. The summit in Bangkok, Thailand, provided proof of the aspirations for peace and cooperation as the agreement to turn Southeast Asia into a nuclear weapon-free region was signed by all ten countries in the region.

Looking to the countries in the Pacific Rim, the visits of Party General Secretary Do Muoi to South Korea and Japan contributed to the development of relations between Vietnam and countries in this important region. In Europe, relations were improved by Prime Minister Vo Van Kiet's visits to North and Central Europe, and by the many reciprocal visits by honored guests to Vietnam.

In multilateral relations, we also witnessed new events. The comprehensive cooperation agreement between Vietnam and the EU has opened a new page in relations with one of the world-leading centers. We can also affirm that the Year of the Pig was a year of further exploration, with the visits of President Le Duc Anh to faraway Brazil, Cuba, Colombia, and even to the United States, who normalized relations with us after so many years of trying every way possible to subordinate us.

Our people had an opportunity to welcome the hero whose name has become a legend: Fidel, coming from a beloved island of freedom.

It is impossible to mention all the successful events of the past year, but those mentioned above highlight the multicolor joyful picture of our foreign relations. Our country has never had such wide-reaching relations: diplomatic relations with nearly 160 countries, trade ties with over 100 countries, and foreign investment from over 50 countries. Is this not obvious evidence of our new status? Our stable position does not bring only happiness, but also material benefits, specifically pledges for financial support worth \$2.3 billion, which was made at the recent conference of donor countries in Paris.

SRV: Four Strikes Staged in Ho Chi Minh City 5-7 Feb

*BK2102155496 Hanoi LAO DONG in Vietnamese
11 Feb 96 p 1*

[Report by "TMH"]

[FBIS Translated Text] There were four strikes in Ho Chi Minh City in three days from 5 to 7 February organized by workers of various companies to oppose the extended working hours and demand wage increases and bonuses for the Lunar New Year.

About 680 workers of the Ree Yong Company held a strike on 5 February to oppose the extended working hours imposed by the company's board of directors. The workers rejected the order of the company's board of director two days earlier and were investigated by the chief of each section on the instructions of the company. On the morning of 5 February when the investigation

began, the workers immediately staged a strike and demanded a stop to the investigation. They further asked for a bonus on the Lunar New Year and demanded the company's written pledge.

The second strike occurred on 6 February when 100 workers of the Sunbird Company [a 100-percent foreign invested company] stopped work to give their petition to the company's board of directors. They demanded fixed pay scales, strict implementation of the contract signed between the company and the workers, and a stop to charging annual leave for year-end holidays.

On the same day, all drivers of the Vinataxi Company held a strike to continue their struggle to demand that the company management committee and the board of directors improve the management and carry out overt control of social allowances, the fees imposed on the drivers, and the expenses for cleaning the taxis. The company's board of directors held a meeting afterward and decided to comply with some points of the drivers' demands.

The last strike occurred on 7 February when more than 360 workers of the Dai An dress-making establishment stopped work. They demanded a wage increase, a reduction in the extended working hours, and a bonus for the Lunar New Year. Workers of this factory have had to work extended hours on weekdays and Sundays, and the factory has not signed a contract on wages for the extended working hours.

These strikes have now ended thanks to efforts by the functional agencies in compromising with the owners of these companies, who agreed to comply with some of the workers' demands.

Australia

Australia: Government's Position on PRC-Taiwan Issue Viewed

BK1802105696 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 30 Jan 96 p 12

[Article by Brian Toohey: "Keating Backs The Bully in Chinese Neighbourhood"]

[FBIS Transcribed Text] Australian governments do not normally go into an election campaign with a policy of supporting a bullying communist giant against a small democratic country. The Keating government is not only doing so on this occasion, but its support for Communist China against Taiwan has widespread backing from the nation's opinion leaders.

For good measure, it is bucketing the United States for taking a more principled stand. After years of demanding that the United States stay "engaged" in Asia, the Keating government is now aghast at the prospect that engagement might actually mean telling China to keep its hands off Taiwan.

The process by which Taiwan is now seen as the villain is extraordinary, even by the standards of contemporary diplomacy in which language can be wrenched and twisted until it loses all meaning.

Recent changes mean that Taiwan deserves to be regarded as a fully fledged democracy while China remains a brutal dictatorship in which corrupt Communist Party factions jostle for supremacy. Yet Australian diplomacy has managed to paint the Taiwanese as the villains for daring to suggest that they don't want to be ruled by the mainland Communists.

The Minister for Foreign Affairs, Senator Evans, warned last week that Taiwan would endanger regional security by asserting its independence. According to Evans, China would respond by attacking Taiwan.

By some amazing contortion, however, China's use of force would not be regarded as threatening regional security — the fault would lie with Taiwan for provoking the neighbourhood bully by doing something so unexceptional as expressing a preference for democracy.

At present, the internationally recognised position is that Taiwan is part of China. The reality, however, is that Taiwan has been effectively independent of mainland China for almost 100 years. The clear understanding behind international acceptance of the "One China" fiction is that the mainland should not try to assert control by force.

Given that the Taiwanese people are increasingly making it plain that they do not want to shift to Communist

rule, there is no realistic prospect that the mainland will be able to take control without the use of force.

This might change if the mainland were to become a democracy, but there are no signs that the Communist Party is about to relinquish power. Despite confident predictions to the contrary, the Communists have been able to introduce elements of a free market while still running what amounts to a police state.

At the weekend, the Chinese President, Jiang Zemin — who doubles as the Communist Party General Secretary — resorted to old-style Maoist language in promising to bring the "rebel province" of Taiwan to heel. Jiang said that the takeover of Hong Kong in 1997 was just the "first step of a long march" that would see Taiwan similarly incorporated.

The hopes of those who assumed Beijing would rule Hong Kong with an extremely light touch after 1997 now look like being dashed. Beijing has made it plain the people of Hong Kong will do what they are told or face the harsh consequences.

It is not a prospect that is likely to persuade the Taiwanese people to vote in favour of incorporation. If instead they opt for independence from the mainland, the international community will be hard pushed to mount a case that says they deserve to be invaded.

Nevertheless, the Keating government's position is that the Taiwanese should shut up and hope to be left alone. On present indications, however, there would seem to be little reason to doubt that Jiang means what he says in promising that the "long march" begun by Mao will end with Taiwan firmly under Beijing's thumb.

One way of trying to ensure this does not happen is for the US to stick with its policy of warning the Communists it will not tolerate a military attack on Taiwan. Keating and Evans, however, want the US to go softly on China while warning the Taiwanese to shut up and suppress any democratic inclination to declare their independence from Beijing.

A recent Foreign Affairs departmental document leaked to a Canberra journalist, David Lague, even complained that the democratic process in the United States meant that our closest ally was likely to support Taiwan militarily. Such a result would certainly mean the United States remained engaged in Asia, but not in the way intended by Keating and Evans.

As Keating put it in a recent interview, the United States has "not got the weights right" in its approach to China. According to Keating, the United States places too much weight on human rights issues and support for Taiwan.

In Keating's view, the most important thing about China is not that it is a Communist dictatorship but that it is the world's biggest emerging economy. Good relations should not be jeopardised by any prissy concerns about Taiwan's fate.

Keating's speeches about his "vision" of wanting Australia to become more enmeshed in Asia usually contain an obligatory line about how this does not mean we have to abandon our traditional democratic values.

His eagerness to dismiss the United States as naive for supporting Taiwan only demonstrates how far he is prepared to do so.

Australia: Senate President on BHP-Iran Gas Pipeline Deal

BK1802140296 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 7 Feb 96 p 21

[Report by Michael Gill and Stephen Ellis]

[FBIS Transcribed Text] Rarely have a few loose words of political self-promotion been so comprehensively ill-judged.

Labour's Michael Beahan, president of the Australian Senate, remained blissfully unaware yesterday of the damage he had done. And there can be little doubt that BHP's [Broken Hill Proprietary] predicament is his doing.

The current AUSTRALIA-ISRAEL REVIEW — in a long article built upon an interview with Senator Beahan said "both BHP and the Iranians were concerned about the D'Amato bill before the U.S. Congress and eager to finalise the agreement before its ratification".

U.S. Senator Alfonse D'Amato's fiercely worded letter to BHP chairman, Mr Brian Loton, said that "reports suggest that action on a potential deal between BHP and Iran on a gas pipeline to Pakistan is being rushed to be signed before the bill passes Congress in an effort to avoid sanctions".

The REVIEW article was published on February 1. Senator D'Amato's letter was dated February 5.

Yesterday, Senator Beahan told the AFR [AUSTRALIAN FINANCIAL REVIEW] that he was aware of the impending d'Amato bill and this had been a key factor in his actions.

"If there wasn't any signed up agreement by the time the U.S. bill goes ahead, it would be a problem...that's why it's important to get an umbrella agreement, at least, signed up by that date."

He said his official position had helped him gain access to senior Iranian ministers on behalf of BHP and "break the logjam".

"My status, which isn't very great here, is a bit higher overseas.

"My access to Minister 'Ali Akbar Velayati and Minister Gholam Reza Aqazadeh-Kho'i meant that in this case I was able to break the logjam," he said.

"So my role is really as a facilitator. It's nice to be useful."

Senator Beahan said he had not contacted BHP to find out about the results of his efforts: "I haven't heard back from them so far. It has crossed my mind a couple of times to call them and find out.

"I wouldn't want to interfere, because it's pretty delicate."

The Senator conceded he was not an expert in the complexities of Middle East politics: "It's not a particular focus of mine, but I have visited both Israel and Jordan."

"I've got invitations to just about everywhere, usually from the speakers or presidents of the Parliament," he said.

Australia: Resistance Movement in Irian Jaya Viewed

BK1802154696 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 7 Feb 96 p 11

[Article by Greg Earl: "Irian Jaya Far From Free of Resistance Fighter"]

[FBIS Transcribed Text] The symbolism of Indonesian military power runs deeply through the country's vast easternmost province of Irian Jaya. Military camps dot the airport road into the capital of Jayapura in a way that drives home the frontier atmosphere of the territory which was the scene of Indonesia's final triumph over Dutch colonialism.

The town itself is built around Yos Sudarso Bay — renamed like so many parts of the province after military figures from the celebrated three-pronged Trikora campaign in the early 1960's.

Then little-known Major General Suharto perhaps best underlined the Indonesian passion for the task by naming his youngest son Hutomo Mandala Putra after the Mandala military command from which he oversaw the infiltration of the first Indonesian troops.

But as some of the country's elite special forces troops withdrew from the province this week after

an unsuccessful month-long hostage chase, the rather battered and neglected Monument Trikora in the centre of Jayapura might be a more appropriate symbol.

This time last year the then provincial army commander Major General Ketut Wirdhana made some widely reported comments writing off the 20-year-old Free Papua Movement (OPM) [Organisasi Papua Merdeka] as a security threat.

The general told a press conference with remarkably confident precision that the rebels had only 86 rifles between them and "half of the rifles may possibly not function properly". But a year later a dozen soldiers are facing court action over the deaths of native Irianese and the military has been forced to concede it has lost track of the OPM group still holding 13 hostages.

While Mr Suharto's son-in-law and special forces chief, General Prabowo Subianto, immediately took charge of the situation in early January in apparent expectation of a swift and successful operation the provincial commander is now in charge for what might be a long saga.

In the ensuing year the big U.S. mining company Freeport McMoran has been forced further into the spotlight over the development of its giant copper mine and Indonesia is facing growing international scrutiny over how it manages one of the world's most bountiful remaining wilderness areas.

The capture of 21 people, including seven foreigners, earlier in January is the most high-profile action by the OPM since attacks on the Freeport copper slurry pipeline in the late 1970's and some large demonstrations in major provincial towns in the late 1980's which resulted in mass arrests.

General Ketut's comments last year reflected an emerging perception in Indonesia that a combination of a tough military presence, better relations with Papua New Guinea [PNG] and an influx of non-Irianese drawn by development had put an end to the rebel threat.

But the past year has seen a series of events which has underlined the emergence of a new generation of resistance fighters.

While the resistance groups are united by the OPM's distinctive West Papua flag, observers say they are more fragmented than the East Timorese resistance and often motivated by more localised disputes over land.

Irianese sources say there are about six separate groups ranging from Biak Island in the north to the big transmigration area of Merauke in the south. But in the past year an Amungme native from near the Freeport mine, Kelly Kwalik, has emerged as a de facto leader,

particularly since four of his relatives disappeared after being questioned by the military early last year.

The hostages were originally taken by a resistance group from the Dani tribal area of the Baliem Valley. But in an indication of operational links between the regional groups, Kwalik is then reported to have taken control and successfully evaded the military.

In an indication of how long the group could hold out, two Indonesian schoolchildren were only released last week after being captured by OPM rebels and taken across the PNG border in November.

While there has been speculation the latest hostages could be moved towards the distant PNG border, it appears more likely that they will be moved southwest towards Kwalik's more familiar territory near the Freeport mine.

A source familiar with OPM activities told the FINANCIAL REVIEW in an interview last year: "It's not very clear what Kelly Kwalik has in mind but he knows what he is doing. He wants the international community to know people are dying."

The source said the Indonesian Human Rights Commission had been right to criticise the military for treating all unrest in Irian Jaya as the work of separatist rebels.

"There are some people who have their (OPM) ideology," he said.

"But many of the people believe that their claim (to land) is one of their rights as Indonesian citizens and people. We want our autonomy to our resources."

Any move by the hostage group towards Freeport's mine at Tembagapura would once again leave the company in a position where it could publicly appear to be involved in a dispute over which it has no control.

Freeport lost U.S. Government-funded political risk insurance late last year because of environmentalist lobbying, but is still planning to substantially upgrade production from the current 115,000 tonnes of ore a day.

Ironically, the 13 remaining hostages are mostly involved in internationally funded conservation projects in Irian Jaya which makes them the most influential international allies that the indigenous resistance groups will ever have.

The World Wildlife Fund [WWF] has a major presence in Irian Jaya with several major projects designed to conserve the natural biological diversity one project officer describes as: "Apart from Brazil, there is nowhere left in the world that remotely compares with it. Many people will want to come to Indonesia to fill in the (scientific) gaps."

With Indonesia requiring multilateral lender finance to fund its plans for industrial development in Irian Jaya, groups like the WWF are likely to play an increasingly important role in influencing how development proceeds. While the OPM has used the hostages to once again demand an independent West Papua, Jayapura's Catholic Bishop, Hermann Munninghoff, maintained in an interview last year: "The idea of a free Papua is disappearing and it is a good thing because it is not realistic. We are part of Indonesia and it is not changing."

But Bishop Munninghoff, who has been a strong critic of military abuses and involved in recent negotiations over the hostages, says the central government has not gone about integrating almost a quarter of Indonesia's landmass in the right way.

And he leaves little doubt where the first changes need to be made in the province that was an important stepping stone in Mr Suharto's rise up the military ranks: "If there is a good (army) commander, it is a very good situation for the people. But it is difficult for the army leaders to know everything and in some places there is real terror."

Australia: Telstra, Bellcore Sign MOU To Upgrade Communication Network

BK1802140896 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 6 Feb 96 p 3

[Report by Helen Meredith]

[FBIS Transcribed Text] Telstra unveiled plans yesterday to transform its \$4 billion [Australian dollar] cable-TV network into a full broadband system, carrying both telephony and entertainment services, that would match the capability of the rival Optus Vision system head on.

Telstra has recruited US telecommunications services company Bellcore to help merge its existing copper-wire telephony and optic-fibre coaxial cable-TV networks into a single system.

Addressing an international meeting of cable and broadband experts in Melbourne yesterday, chief executive Mr Frank Blount said his company had signed a memorandum of understanding [MOU] with Bellcore to jointly design new software that would manage a full service broadband communications network in Australia.

Telstra would also put out requests for tender this quarter for network equipment that would allow it to provide telephony over its hybrid fibre coaxial (HFC) system.

"The full-service network — designed around the enormous capacity of fibre to carry television data and voice

simultaneously is closer than any of us expected," Mr Blount said.

With rival Optus Vision already rolling out a full-service network, Telstra now plans to follow suit but must at the same time accommodate its vast existing infrastructure, including the legacy of cable and its FMO (future mode of operation) upgrade plan which is replacing analogue with digital switches across the country.

With the pressure now on it to move faster to broadband, Telstra went hunting in June last year for a partner to the project. It said yesterday this search had led to Bellcore, which had been found to have "the best fit".

Bellcore is an elite research house staffed by experts who previously worked for Bell Labs and AT&T. The vice-president of broadband service for Bellcore, Mr Duane Elmquist, said his company had run successful trials of suitable network software with the Southern New England telephone company using AT&T and ADC Telecommunications as its equipment suppliers.

The memorandum of understanding between Bellcore and Telstra covered the development of the network management support system — a full suite of software, the group managing director of Telstra, Mr Doug Campbell, said.

The partners were now entering into detailed designed software. Before the end of this year Telstra would start to deploy both software and hardware for a million-dollar trial.

Australia: Undersea Cable System Linking Asian Nations Commissioned

BK1802140096 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 8 Feb 96 p 28

[Report by Helen Meredith]

[FBIS Transcribed Text] Two Australian-built advanced fibre-optic undersea cable systems linking Thailand, Vietnam and Hong Kong, and China and Korea were commissioned yesterday, with carrier Telstra and its strategic partner Alcatel Australia taking part in the start-up of services on the new networks.

Both use advanced optical-fibre cabling built at Port Botany in Sydney by the Tasman Cable Company, a subsidiary of Alcatel.

In Melbourne yesterday, Alcatel Australia separately announced it had won a contract to supply Brazilian carrier CTBC with Australian-designed and built customer-access equipment to be installed in the suburbs of Sao Paulo.

The initial \$4 million [Australian dollars] agreement is expected to lead to further supply deals as Brazil's regional phone companies accelerate the expansion and upgrades of their networks.

The chief executive of Alcatel Australia, Mr Ron Spithill, and the chief executive officer of Telstra, Mr Frank Blount, and senior executive Mr Charlie Zoi were in Ho Chi Minh City yesterday for the launch of the TVH marine cable network which is owned by Telstra, the Communications Authority of Thailand, Vietnam Posts and Telecommunications and Hong Kong Telecom International, and which was built under a joint supply deal by Alcatel and Fujitsu.

Mr Spithill said a significant amount of the 3,400-kilometre system had required specially armoured cable because of the intense fishing operations in shallower water off the coast of Thailand and Vietnam.

The China-Korea system, valued at some \$50 million, similarly required protection against damage from fishing activity in the Yellow Sea between China and the South Korean peninsula.

Mr Spithill said Australian industry had played an important role in this project, providing the cast-iron shells designed to encase and protect the cable.

The cable was made at Alcatel's TCC plant at Port Botany and loaded directly onto cable ships lying in deep-sea moorings alongside the factory. It is Vietnam's first optical-fibre undersea cable. The capacity and speed of transmission made possible by the fibre has greatly boosted the telecommunications of all five Asian nations involved in the two projects.

Mr Spithill said Alcatel Australia had earned \$180 million in the export of cable from the Port Botany plant for the two undersea networks.

Port Botany was built originally to make optical-fibre cable for the Tasman-2 service linking Australia and New Zealand and has since manufactured similar high-capacity cable for the vast PacRim East and PacRim West networks.

Yesterday Alcatel Australia announced a new contract to supply Brazil with Australian-designed and made remote exchange technology for customer access built originally for Telstra under the brand name RIM which is now being marketed offshore.

Alcatel Australia already has a RIM service carrying traffic in China and, according to technical director Mr Bruce Jones, has attracted a high level of interest among other South American operators where the technology has been demonstrated recently.

Australia: New Zealand's Current Account Deficit Hits \$3.7 Billion

BK1802135396 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 8 Feb 96 p 46

[From the "The World in View" section]

[FBIS Transcribed Excerpt] [passage omitted] New Zealand's current account deficit came to \$NZ3.7 billion in the 12 months ended the third quarter of 1995, widening from a deficit of \$NZ1.7 billion in the 12 months ended the third quarter of 1994.

In the 12 months ended September 30 1995, the agency noted that the current account deficit of \$NZ3.7 billion had reached 4.2 per cent of gross domestic product (GDP).

It said that this was the largest annual deficit compared with GDP since the fourth quarter of 1987, when it was 5 per cent of GDP.

The third quarter result compares with 3.9 per cent of GDP in the second quarter and 2.1 per cent of GDP in the third quarter a year earlier. [passage omitted]

Australia: Polls Show Opposition Leading Labor Party

BK2202021496 Sydney THE SYDNEY MORNING HERALD in English 17 Feb 96

["Pollwatch" column by Milton Cockburn — received via Internet]

[FBIS Transcribed Text] For the first time since the election was called, the Labor Party gained some good news from the polls. Only one poll, mind you, but after a year of almost unrelieved gloom in opinion polls it could not have come at a better time for the Government.

The Bulletin Morgan Poll, published in THE BULLETIN on Wednesday, showed a jump in Labor's primary vote by three percentage points over the previous week and a similar jump in its two-party preferred vote.

This poll suggests the gap between the Coalition and Labor had shrunk to two percentage points — 51 per cent to 49 per cent — compared to an eight percentage point gap the previous weekend.

The Bulletin Morgan Poll of 1,017 voters was conducted by telephone on February 9-10 with a sampling error of around three per cent.

This trend in the Morgan Poll was not confirmed by the Herald-AGB McNair Poll, conducted on the same weekend and published in the HERALD on Monday. This found the two-party preferred vote was now 56 per cent to the Coalition and 44 per cent to Labor. This

was an increase in the gap by two percentage points compared to the previous weekend.

The Herald-AGB McNair Poll of 2,075 voters was conducted by telephone on February 9-11 and has a sampling error of around two per cent.

Nor did Newspoll, conducted over the same weekend and published in THE AUSTRALIAN on Tuesday, detect a swing to Labor. This found that after two weeks of campaigning the Coalition still led Labor by an eight percentage point gap in two-party preferred votes — 54 per cent to 46 per cent.

The Newspoll survey of 1,714 voters was conducted by telephone on February 9-11 with a sampling error of 2.4 per cent.

The first marginal seat polls were conducted this week and they also do not lend support to Morgan's interpretation that Labor is closing the gap on the Coalition.

Three Herald-AGB McNair Polls, two in NSW [New South Wales] and one in Victoria, have also brought bad news for Labor.

The polls for Parramatta, published in the HERALD yesterday, and Macquarie, published today, suggest the Government is likely to lose both seats. Macquarie is Labor's most marginal seat in NSW and Parramatta is its most marginal seat in Sydney.

The poll suggests the two-party preferred swing against Labor in Parramatta is nine per cent and in Macquarie it is four per cent. It is likely that Labor can peg back some of the lead in Parramatta before polling day but, even so, it is possible the Government could lose up to 10 seats in NSW.

Labor's hopes that it can pick up seats in Victoria to offset expected losses in NSW and Victoria now appear unlikely following the Herald-AGB McNair Poll in the Melbourne outer metropolitan seat of Isaacs published yesterday in the HERALD.

This shows a five per cent swing to the Liberal MP, Mr Rod Atkinson, suggesting he now has a good chance of holding on to his seat, despite the fact that the recent redistribution of electoral boundaries in Victoria gives it a notional Labor majority of four per cent.

These Herald-AGB McNair Polls in marginal seats survey 1,000 voters in each electorate by telephone. Each was conducted over two nights during this week — Parramatta on Monday and Tuesday and Macquarie on Wednesday and Thursday — and have a sampling error of 2.5 per cent. The polls found around one in 10 voters have still to make up their mind how to vote and that half of these are unlikely to do so until polling day.

Australia: Poll Shows Labor Party Under Threat in Queensland

BK2202022796 Sydney THE SYDNEY MORNING HERALD in English 22 Feb 96

[Report by Milton Cockburn — received via Internet]

[FBIS Transcribed Text] The Federal Labor Government is in danger of losing up to nine seats in Queensland, according to polling conducted for THE SYDNEY MORNING HERALD.

A loss of this magnitude in Queensland would be sufficient to wipe out the Keating Government's majority — even before losses in other States are taken into account.

Some of the Government's brightest talents are in danger of losing their seats. They include the Attorney-General, Mr Michael Lavarch, the Special Minister of State, Mr Gary Johns, and the chairman of the Caucus Economics Committee, Mr Wayne Swan, who was tipped to join the ministry after the election.

This pessimistic outlook for Labor follows a Herald-AGB McNair Poll in Mr Swan's Brisbane electorate of Lilley which shows him struggling to hold his seat.

The poll, conducted on Monday and Tuesday evenings, shows a 6 per cent swing to the Liberals and has the Liberal candidate, Ms Elizabeth Grace, level with Mr Swan on 50 per cent.

This suggests that the result in Lilley might be decided by a handful of votes, and will probably depend on which candidate has the stronger local campaign in the final two weeks.

Labor holds six seats in Queensland with a margin of less than 4 per cent, and three with margins of about 6 per cent.

If the 6 per cent swing detected in Lilley was uniform and maintained until polling day, Labor could lose up to nine seats in the State.

The Lilley poll follows similar Herald-AGB McNair polls in marginal seats in Sydney and Melbourne which have detected big swings against Labor in those cities. The polls are the most definitive survey of marginal seats in Australia.

The Lilley poll was conducted after the Liberal Party launch on Sunday and after Mr Howard made his slip on radio about details of his family tax package.

In the seat, which Mr Swan holds with a margin of 6.2 per cent, the poll found Mr Swan and Ms Grace equal on first preferences with 41 per cent, with 10 per cent of voters still to make up their minds.

After the "don't knows" are allocated in proportion to first-preference votes, the two are still tied on 46 per cent. After an allocation of preferences, they remain tied on 50 per cent.

However, Mr Swan will be encouraged by the fact that second preferences are running slightly in his favour. He also has a high profile in the electorate, with 55 per cent of voters able to name him as their local member — even though he has been in Parliament for only one term.

A large proportion of these voters also indicated that they were satisfied with his performance as a local member, with 59 per cent saying they approved, 14 per cent indicating disapproval and 27 per cent uncommitted.

The 10 per cent of undecided voters will also be of some comfort to Mr Swan. Forty per cent say they will make up their minds on the day of the election, 16 per cent say they will do so some time next week and 9 per cent say they will decide by the end of this week.

Australia: Labor Party's Chances of Avoiding Electoral Defeat Viewed

BK2202023896 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 22 Feb 96

["Latest Polls" column by Geoff Lambert — received via Internet]

[FBIS Transcribed Text] If you coddle the opinion polls properly they do give you the right answers. In 1993, they accurately measured public opinion at election time and they probably are doing so again now.

If so, they carry very bad news for Paul Keating, because in the fourth week of the campaign, they say that John Howard could have a 44-seat majority.

But few pundits can bring themselves to pronounce a death sentence upon the ALP [Australian Labor Party] yet, due no doubt to its propensity to spring out of the coffin just as the dirt is being shovelled in.

A "poll of polls" compiled on a fortnightly basis since August 1992 produces a trend line which fits the result of the 1993 election almost perfectly.

Although no one poll mirrored the result exactly and although no poll was taken on the same day as the election, the interpolated polling figures predicted the election result to within 0.1 percentage points.

In this "poll of polls" each fortnightly figure has been averaged with those immediately before and after it. These tricks reduce errors due to small poll samples and fortnight-to-fortnight vagaries in opinion.

Not only are the polls accurate, they reveal an uncanny stability in public opinion. People are no longer changing their minds very quickly. For the two and a half years to April 1995, the polls followed a continuous roller-coaster. The weekly rate of change varied between 0.2 and 0.67 per cent. In the succeeding 10 months, there was no significant change at all. This remarkable stability has only begun to shift in the fourth week of intense campaigning.

Obviously, a large number of the respondents who answer the pollsters with a definite preference made up their minds a year ago and haven't shifted. The "don't knows" may upset this stability in the next 10 days, but probably not — they usually don't.

The current two-party-preferred [TPP] figures from the "poll-of-polls", sitting steadfastly on about 47 per cent for the ALP, may not stagger up to the magical 50 per cent level.

Polling figures vary greatly from State to State, but this can also be accounted for. By assuming that State swings are State-wide and not too patchy, we can subtract this uniform swing from the TPP of each seat "at risk". If the result is less than 50 per cent, that seat will be lost.

State-specific polling figures are less common and less reliable than Australia-wide ones because they are derived from smaller samples — but once again we can pool results, and they indicate a 27-seat loss on the current notional boundaries to produce a Howard majority of 44.

Will these figures hold? Two questions must be answered — will public opinion shift and can the ALP pull off another marginal seats miracle?

In 10 days, the maximum likely movement in an inter-election period would be 1 per cent. If the ALP could use the heat of an election campaign to boost this to 1.5 per cent, it could hold its losses to 20.

This improvement is nowhere near enough and emphasises that the peril for the ALP lies in the large number of marginals in the 0-4 per cent range. The apparently large shift this week may prove to be just another wobble.

A major complicating factor is the effect of targeted campaigns in individual seats, a skill for which the ALP is renowned. These campaigns can swing another 2 to 3 per cent of the vote and can have a major effect on the final seats outcome. If the ALP can induce a 3 per cent effect in the "savable" electorates of 52 to 55 per cent current TPP range, then it could rescue 14 seats.

This would reduce the seat loss to 13 — which is still not big enough for a Keating victory.

And, if the ALP can shift Australia-wide opinion by 1.5 percentage points and then add the icing of a miracle 14-seat marginals campaign, they may hold Howard to a gain of six seats and a virtual a dead heat. But this does not appear to be happening.

Australia: Economic Reforms, Openness on Coalition's Agenda Urged

BK2102005896 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 29 Jan 96 p 14

[Editorial: "Economic Reform the Linchpin"]

[FBIS Transcribed Text] Australia's 11.5 million electors have a real task ahead. Not just on March 2, but during the coming month, when it is vital that they ensure the tactical ebbs and flows of the election campaign do not overshadow the substantive issues facing the country.

For the next government of Australia has to address some crucial issues, including industrial relations reform, implementing competition policy, taking steps towards a republic, setting the wharves to work competitively and reviewing tax policy.

The latter should involve changing the mix of direct and indirect taxes, and of PAYE [expansion unknown] and capital gains taxes, and declaring a halt to the boom in middle-class welfare while diminishing the disincentives to the risk-takers who make or break the country's future.

The Federal Government has given up on economic reform. It is a government long on rhetoric about national identity, about the republic, about "leadership", but short on content. It is a Government with attitude, a degree of managerial competence and, right now, little more.

And its task is to move beyond rhetoric during this campaign, to announce policy, to provide leadership where it is most needed — on economic reform.

The government talks often about how far Australia has moved in the 13 years since Labor came to power. And it is right; the country has changed remarkably, and largely for the better — though the progress came chiefly under the Hawke-Keating team, it must be added.

But every other country comparable to Australia has also been moving as fast or faster, and is still pushing on.

Mr Beazley yesterday described Mr Keating as "visionary, bruising and blunt". He would "bring home the bacon from the region around us". But he won't; politicians persist in overestimating themselves. It will be business that brings home the bacon produced by international economic success, and it will only do so if Australia provides a healthy, competitive environment for such success.

Economic reform is not a stage that is superseded by, say, constitutional or social reform: it is a continuing process. Governments that believe their main task is finished — and this one appears to be among them — are effectively asking to be put out of their misery.

There is, then, a sense that this is the time for a change. And Mr Howard is an experienced performer who has handled the politics of leadership well. He has not presented the Government with targets to hit.

But now, in the campaign proper, Australians will expect much more than political tactics. They will want to discover whether this will be a Liberal government like the others the country has experienced: reluctant to grapple with change in the first place, and then not competent at guiding through the system any changes they have conceded.

In fact, there has been no reformist Federal Liberal government since 1950, while Labor can claim three such administrations to its credit, those of Mr Whitlam, Mr Hawke and, to a lesser degree, Mr Keating.

It is only in the States that the Liberals have runs on the board for structural change. And despite the common Canberra assumptions that mere mentions of Mr Kennett and Mr Court could poison the Federal Liberals' campaign, in fact both premiers remain popular, primarily because they are reformers.

Sitting on its hands, pretending — or worse, intending — that it will do nothing very much, is hardly good enough for the Federal party.

The business community may think that Mr Howard has a hidden agenda. The AUSTRALIA FINANCIAL REVIEW hopes he does have one. But now is the time to disclose it; otherwise it is worthless.

Mr Howard's proposals yesterday to help small business — the key sector to generate employment — by cutting the compliance red tape, repealing the unfair Unfair Dismissals legislation, and reducing provisional tax from 8 per cent to 6 per cent were a start, but no more.

For the hard political truth is that hidden agendas do not win a mandate. And Mr Howard needs such a mandate to have a chance of pushing any agenda through the Senate, which he will not control.

He will also have to deal with a still-powerful and hostile union movement, which remains inextricably linked, through voting control, with his political opponents. If he intends to take the unions on, he needs to make sure everyone knows it.

It will provide Mr Howard with tremendous authority if he can go to the Senate, or to the unions, and say that he has made his reform program transparent, and that the people of Australia have voted for it.

The time for hiding for political reasons is over. Australia now needs to see whether the Coalition's agenda is the right one. There is no other compelling reason to change the faces in the Cabinet room.

Papua New Guinea

Papua New Guinea: Bougainville Separatists Ambush Patrol

*BK2202074196 Melbourne Radio Australia
in English 0500 GMT 22 Feb 96*

[FBIS Transcribed Text] Three Papua New Guinea [PNG] policemen, a soldier, and a pro-government resistance fighter have been wounded in a rebel ambush in Bougainville. A surgeon at the PNG Army's field hospital in Arawa, Dr. (Gidian Kanninga), says the soldier and the resistance fighter received serious injuries in the ambush at the (Barama) section of the Arawa-Tunuru road. Both were flown out by helicopter and are reported to be in a stable condition.

The ambush occurred when a police vehicle and a military armored personnel carrier were returning to Loloho from Arawa after a patrol. It was the latest in a week of ambushes by Bougainville rebels in which one civilian was killed at (Sicorilla) on Tuesday and another

injured. The attacks were launched to coincide with a statement by rebel leader Joseph Kabui that the so-called Bougainville Interim Government hierarchy was intact and that it would continue to press for independence from PNG.

Vanuatu

Vanuatu: Premier Curtails Broadcasting on Political Crisis

*LD2102122096 Melbourne Radio Australia
in English 0800 GMT 21 Feb 96*

[FBIS Transcribed Text] Vanuatu's political crisis has become further confused with the leaders of the opposition Unity Front and the breakaway faction of the ruling Union of Moderate Parties rejecting an announcement by Prime Minister Serge Vohor that he has cancelled his resignation. Donald Kalpokas and Amos Ndeng described Mr. Vohor's decision as totally irresponsible and a deliberate attempt to create a crisis and cause instability and confusion. They say that Mr. Vohor cannot change the agenda of parliament, which had been scheduled to meet on Friday [23 February] to elect a new prime minister.

Meanwhile, Mr. Vohor has ordered Radio Vanuatu not to broadcast any news items or interviews relating to his decision yesterday to revoke his resignation. The Pacific News Service [Pacnews] quotes sources as saying the ban is specifically targeted at news releases and interviews emanating from the acting speaker of parliament, Amos Bangabiti, and the attorney general, Oliver Saksak. Mr. Vohor says he is still prime minister and that the parliamentary session will only elect a new speaker.

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